

**HOUSE OF ASSEMBLY****Friday 26 June 2009****ESTIMATES COMMITTEE A****Chair:**

Ms M.G. Thompson

**Members:**

Ms F.E. Bedford  
Ms V. Ciccarello  
Hon. I.F. Evans  
Mrs R.K. Geraghty  
Mr M.R. Goldsworthy  
Mr I.H. Venning

*The committee met at 09:02***DEPARTMENT OF FURTHER EDUCATION, EMPLOYMENT, SCIENCE AND TECHNOLOGY,  
\$394,683,000****Witness:**

Hon. A. Koutsantonis, Minister for Correctional Services, Minister for Gambling, Minister for Youth, Minister for Volunteers, Minister Assisting the Minister for Multicultural Affairs.

**Departmental Advisers:**

Mr R. Garrand, Chief Executive Officer, Department of Further Education, Employment, Science and Technology.

Ms T. Downing, Director, Office for Youth, Department of Further Education, Employment, Science and Technology.

Mr F. Ngui, Business Manager, Office for Youth, Department of Further Education, Employment, Science and Technology.

**The ACTING CHAIR (Mr J.R. Rau):** Welcome everyone and welcome minister. 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 appropriate time for consideration of the proposed payments to facilitate the changeover of departmental advisers. I ask the minister and the lead speaker for the opposition to indicate whether they have agreed on the timetable for today's proceedings and, if so, to provide a copy to the chair, although I understand from speaking to the minister that that matter has been arranged.

Changes to committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 17 July 2009. This year the *Hansard* supplement, which contains all estimates committee responses, will be published on 2 October 2009.

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 on each side. However, I understand—again, from what the minister has said—that that will probably not be the way we proceed, which is fine.

A member who is not a 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 purposes of the committee, television coverage will be allowed for filming from both the northern and southern galleries.

I will now open the following lines for examination: Minister for Youth and the estimate of payments, Department of Further Education, Employment, Science and Technology, \$394,683,000. I declare the proposed payment open for examination and refer members to the Budget Statement, in particular pages 2.30 to 2.32, and the Portfolio Statement, Volume 3, Part 13.

The minister may, of course, make an opening statement, if he wishes to do so, and introduce his advisers. I will then call on the member for Davenport, if he also wishes to make a statement, and then call for any questions.

**The Hon. A. KOUTSANTONIS:** I will not be making an opening statement, as we will get right to questions. I understand that the government has waived its questions in order to have a thorough and rigorous examination of the Office for Youth.

**The Hon. I.F. EVANS:** I thank the government for bringing forward this section of the estimates to satisfy a personal commitment I have this afternoon. I thank the minister and the government for their cooperation in that respect.

These questions relate to Budget Paper 4, Volume 3, pages 13.11 and 13.12. Minister, on 8 April I gave you a document that related to the ministerial advisory committee. This document was subpoenaed by Mr Easling twice and the government maintained twice that the document did not exist. I gave you the document so that you could personally undertake investigations within your agency.

My questions are: what investigations have you made personally in relation to that matter? Can you confirm that the document does exist within government, not just the copy that I gave you, but that the document does actually exist within government?

**The Hon. A. KOUTSANTONIS:** I thank the member for his questions. When he gave me that document in the parliament, the member alleged that to be a legitimate document from the Office for Youth. I then forwarded that to the Attorney-General for investigation.

**The Hon. I.F. EVANS:** What inquiries have you made with your office, given that it went to the question about a member of the then Ministerial Advisory Council of Youth? It was a memo, I think, to the deputy chair of that organisation. Given that the government was telling the courts and Mr Easling's lawyers that the document did not exist, what inquiries did you make with your own office—any at all?

**The Hon. A. KOUTSANTONIS:** As I said to the member previously, the moment he gave me that document I sent a minute to the Attorney-General for investigation. I will not try to pre-empt any response from the Attorney-General. Obviously I was as concerned as he was and I forwarded it immediately.

**The Hon. I.F. EVANS:** Has the Attorney-General contacted any members of your staff here today or the Office of Youth in regard to the document? I have given it to you, minister, as the responsible minister. Here is a person who has gone to the court, asked for the document, the government says the document does not exist, not once but twice, I have given it to the minister concerned and asked him to investigate, but there has been no investigation. Has the Attorney or his officers conducted any investigation or inquiries with his officers in regard to this matter?

**The Hon. A. KOUTSANTONIS:** You would have to ask the Attorney-General that.

**The Hon. I.F. EVANS:** You are not aware?

**The Hon. A. KOUTSANTONIS:** You would have to ask the Attorney-General.

**The Hon. I.F. EVANS:** Are you aware of any inquiry?

**The Hon. A. KOUTSANTONIS:** Look—

**The ACTING CHAIR:** The member for Davenport has asked the same question four or five times. I know he has tied it, in a very loose sense, to an estimates point, has had a bit of latitude and explored the issue about as far as I think we can, unless the minister wants to say anything further about the matter. The questions seem to be basically the same question.

**The Hon. A. KOUTSANTONIS:** All I say to the committee is that I did as the member for Davenport asked me to do, and I have always endeavoured to be an honest broker for him in these matters. When he brought the document to my attention I acted immediately and swiftly, as he asked me to.

**The Hon. I.F. EVANS:** I will ask a different question. Does it concern the minister that his agency stated that the document does not exist?

**Mrs GERAGHTY:** On a point of order: I appreciate the member's interest, but what budget line does this relate to?

**The Hon. I.F. EVANS:** It relates to policy advice to the minister for a matter raised in parliament.

**The Hon. A. KOUTSANTONIS:** I was not the minister at the time. In terms of advice when it happened, I was quite comfortably a backbencher. The moment the member for Davenport raised it with me, I acted.

**The Hon. I.F. EVANS:** I will go to another question. The minister kindly wrote to me and invited me to the Youth Parliament that is coming in a few weeks' time. One of the programs the Office for Youth is involved in is the Youth Parliament. Did anyone from the minister's office, the Office for Youth or the government have discussions about a proposal by some participants in this year's Youth Parliament who wanted to propose a bill regarding an inquiry into the Tom Easling matter and, if so, who had the discussion and why? I ask the question because participants in this year's Youth Parliament raised the request to do a bill about an inquiry into the Tom Easling matter, and that topic has been refused. I want to know whether the government stepped in and interfered with the Youth Parliament discussing that matter and, if so, why?

**The Hon. A. KOUTSANTONIS:** I am advised that we contract this out to the YMCA to manage. We are not involved in the running of the Youth Parliament.

**The Hon. I.F. EVANS:** So you can confirm to the committee that no-one from your office, the Office for Youth or the government has had discussions with the organisers of the Youth Parliament regarding that topic?

**The Hon. A. KOUTSANTONIS:** The advice I have received is that the YMCA manage it.

**The Hon. I.F. EVANS:** Yes, they may manage it, but has anyone had discussions about that topic, minister?

**The Hon. A. KOUTSANTONIS:** On the advice I have received, no.

**The Hon. I.F. EVANS:** I understand the advice you received was that they manage it, but have you asked your officer next to you whether anyone has had any discussions?

**The Hon. A. KOUTSANTONIS:** I have just answered that.

**The ACTING CHAIR:** It is well known to all members that the member for Davenport has been a tireless campaigner in relation to the matter about which he is asking many questions. There is no doubt that he has very genuine concerns about these matters and he is perfectly entitled to explore them, and should, indeed, explore them in his capacity as a member of parliament. The question is whether or not the estimates committee is the appropriate vehicle for some of those explorations. If the minister is happy to explore things that are off the balance sheet, so to speak, I guess that is a matter for the minister. But as I understand it we are supposed to at least have some notional linkage between the questions and the particular lines in the budget.

I do not think you can say that the Youth Parliament is funded and, therefore, you can start asking things which move on and on. I am not trying to be overly restrictive, but I ask the member for Davenport not to explore things repetitively once he has received an answer. Obviously, if the minister is happy to answer it, he can answer it, but it is not the purpose of the committee.

**The Hon. I.F. EVANS:** Minister, you made some public comments regarding the Magill Training Centre and that the youth there were treated humanely. When did you last visit the training centre in your capacity as Minister for Youth?

**The Hon. A. KOUTSANTONIS:** The Magill Training Centre is under the Department for Families and Communities. I have said publicly that I have not visited the Magill Training Centre.

**The Hon. I.F. EVANS:** So how did you make the judgment that they are treated humanely?

**The Hon. A. KOUTSANTONIS:** Because South Australia and the South Australian government treats all people in custody humanely. If the member for Davenport has an example of a prisoner or anyone in the custody of the state government who is not being treated humanely, he should raise it immediately rather than throw out accusations that we do not treat people humanely. I am very proud of what we do in corrections and families and communities. I cannot imagine just walking into this place and making accusations about people not being treated humanely.

**The Hon. I.F. EVANS:** I did not make the accusation; all I asked was when you last visited the centre. The people who made the accusation were David Cappel and the guardian for children and youth. They made the accusation, not me. All I did is ask a very simple question. You made the public comment that they are treated humanely—

**The Hon. A. KOUTSANTONIS:** They are.

**The Hon. I.F. EVANS:** —having never visited the site. That is all I asked. I did not make the allegation. I will move to another question.

**The Hon. A. KOUTSANTONIS:** The member for Davenport makes accusations that people at Magill are not being treated humanely.

**The Hon. I.F. EVANS:** I did not say that.

**The Hon. A. KOUTSANTONIS:** The argument about Magill was about the bricks and mortar, not the services provided.

**The Hon. I.F. EVANS:** I will move to another topic. You have announced a shake-up of the Office for Youth. *The Advertiser* reports you as giving them up a kick up the bum—obviously not with your lead foot. *The Advertiser* article reports that you want to change the programs so that they target young people who are not involved in any program, are not at school and are living in broken homes. I wonder why you want to disadvantage people who live in homes that are not broken? What is wrong with supporting youth who come from a not-broken home? Why would you want to take away funding from them?

**The Hon. A. KOUTSANTONIS:** I do not think the article accurately represented my views on the Office for Youth. The article uses terms that were not used by me. I think the Office for Youth does a fantastic job helping young people in South Australia. The truth is that the government has a very broad approach to helping young people. This is not about taking away anything from people who are already receiving grants; it is about making sure that it is more equally distributed. It could be that we are looking to refocus the way in which we offer grants. We are not trying to disadvantage anyone. We are trying to ensure that people who have not had an opportunity to take advantage of the Office for Youth's grant schemes and programs have an equal chance of getting involved. I think it is an exceptionally good idea.

We have a target of 30 per cent of all grant funding to be provided to initiatives supporting disadvantaged young people. Significantly higher than anticipated results were achieved during 2008-09, with approximately 50 per cent of all grant funding provided to support disadvantaged groups compared with approximately 35 per cent in 2007-08. The increase is due to additional funding provided to the Duke of Edinburgh's Award for the Reach Your Dreams initiative, of which 100 per cent of funding went to supporting only disadvantaged participants.

The Office for Youth identifies disadvantaged young people as between 12 and 25 years of age who are:

- of Aboriginal or Torres Strait Islander descent;
- from culturally and linguistically diverse backgrounds;
- currently or previously under the guardianship of the Minister for Families and Communities;
- have a disability;
- caring for others;
- homeless or experiencing housing stress;

- under 17 and not engaged in learning or earning;
- over 17 and not employed and do not have a year 12 or vocational qualification;
- identified as being at risk of falling into one of these categories; and
- live in regional and remote areas.

The question is: why don't you want to help them?

**The Hon. I.F. EVANS:** I am quite happy to help them but I do not have the money to do that. I am not the government; you are. My point is that there is less grant money in this year's budget for the youth portfolio. If you are changing the criteria to give more to disadvantaged youth, logic says that those who come from, to use a better word, 'stable' families—given that the media refers to 'broken' families—have to then get less, don't they? You cannot divide a smaller pie in a different way without taking some money off those from stable families.

**The Hon. A. KOUTSANTONIS:** I am advised that, when we target these schemes better, we lower administration costs, and it is not necessarily a decrease in funding.

**The Hon. I.F. EVANS:** So, if the advice is that you lower administration costs, why have employee benefits and costs gone up?

**The Hon. A. KOUTSANTONIS:** I am advised that it is an enterprise bargaining increase.

**The Hon. I.F. EVANS:** And supplies and services have gone up?

**The Hon. A. KOUTSANTONIS:** I am advised that the increase in the cost of services of \$1 million between the 2008-09 estimated result and the 2009-10 budget is due primarily to the indexation on salary and non-salary costs. There are no major variations between the 2008-09 budget and the 2008-09 estimated result.

**The Hon. I.F. EVANS:** Minister, your adviser just gave you some advice that you were going to provide more money for grants through efficiencies. Your own budget paper shows that there is less money for grants and a higher cost of providing those grants. The net cost of providing services goes from \$4.6 million to \$4.7 million this year and the grant program decreases. It is not gaining efficiency to provide more grant funding; in fact, it is the opposite. You are spending more money in the agency to deliver fewer grants.

**The Hon. A. KOUTSANTONIS:** I reject the premise of the question. I do not accept your argument.

**The Hon. I.F. EVANS:** Okay, minister, I will ask you this question: is it true that the net cost of providing the services last year was \$4.636 million and this year it is \$4.739 million as per page 13.1 of the budget paper?

**The Hon. A. KOUTSANTONIS:** Yes.

**The Hon. I.F. EVANS:** Is it true that the grant program last year was \$1.344 million and this year it is \$1.328 million, a lesser amount as per page 13.1?

**The Hon. A. KOUTSANTONIS:** That is correct, yes.

**The Hon. I.F. EVANS:** Therefore, is it not true, then, that you are spending more money to deliver fewer grants?

**The Hon. A. KOUTSANTONIS:** I am advised, so that the member for Davenport understands, that services are often offered through staff at the Office for Youth, so we use salaries as well to deliver services. People at the Office for Youth are delivering programs that will increase services. The honourable member is looking only at the grant level; he is not looking at the entire service the Office for Youth offers. I think he is getting caught up in the numbers rather than the actual service being provided, because service program deliveries are being offered by staff and you are not counting the wages as part of that delivery program.

I understand what the honourable member is trying to do. He is making a very nice effort here today to impress his colleagues, especially the member for Schubert, who betrayed him two years ago, stabbed him in the back and voted for Martin. I am sure that this showing may be a way of getting back into the fold.

**The Hon. I.F. EVANS:** In the 2004-05 period, 1,499 people went through the Active8 program and this year you are targeting about 1,000. Why are 500 fewer people being targeted to be involved in that program?

**The Hon. A. KOUTSANTONIS:** The Active8 Premier's Youth Challenge is a secondary education-based youth development program that enriches young people's lives. The program supports young people to actively engage with their local community in partnership with a broad range of community service providers. In September 2008, 42 secondary education sites were successful in gaining funding to deliver Active8 programs from January 2009. Participant funding has increased from \$400 to \$450 per participant for the 2009-12 funding round to ensure that high quality programs can be conducted. Over the next two years, about 2,000 young people will participate in the Active8 program, generating about 16,000 volunteering hours.

Funding is provided on a financial year basis but programs are delivered over the course of a school year. In 2009-10, a total expenditure of \$463,360 was provided to secondary education sites to support 42 Active8 programs. This includes supplementary funding that supports the engagement of a diverse range of young people. In 2009, 1,026 young people will participate in the Active8 program, including the youth training centres at Cavan and Magill, generating at least 8,200 volunteering hours.

Active8 has a specific focus on supporting young people from a range of diverse backgrounds, with 62 per cent of the 42 Active8 programs targeting the following disadvantaged groups: five programs for young people with a disability; three programs for young indigenous people; three programs for young people from a non-English speaking background; four programs for young people identified as being at risk of disengaging from school; and 11 programs are delivered in regional and remote areas (for the benefit of our rural members).

Some 20 community organisations have successfully become Active8 registered service providers for the next four years, including Conservation Volunteers Australia, the Royal Life Saving Society, St John Ambulance, Ausdance SA, the Smith Family, Girl Guides SA and Scouts Australia (SA Branch).

**The Hon. I.F. EVANS:** I am not sure why we are targeting 500 fewer if the program is that good. I want to ask some questions about the Office for Youth website. I invite the minister to go on it. I think it is the worst website I have ever seen. I think the game of counting the lollies in the lolly jar is demeaning, and I cannot see the purpose of it. If it is to attract people to the website, I would question why. The question is this—

*Mrs Geraghty interjecting:*

**The Hon. I.F. EVANS:** The competition closed last year, so I was too late. I have probably eaten too many lollies. The whole website is full of errors and out of date. I went to the website to look at a program called Involve. I thought, 'This is good; I will be able to get involved. I've got young kids in the electorate.' It nominates four activities, all of which were in December 2007. It is still on the website as a live program, not as a past program.

All the grant funding, every single grant line, is either not being operated this year or is under review and there is no date as to when the review started or finished. So, for the reader of the website, it could have been a review last year or this year; no-one would know.

The website is a disaster. It still even has programs on it from the time when Mark Brindal was minister for youth; something called the Maze program is still referred to. Things like the Housing Trust are still on there, when it is now a totally different name. I can understand why the minister is giving the office a shake-up, but why is the website, which is the tool of young people, if you like, to communicate with government, so out of date and hard to use?

**The Hon. A. KOUTSANTONIS:** I am not sure whether the member for Davenport has ever used Facebook.

**The Hon. I.F. EVANS:** My daughter does—on that site.

**The Hon. A. KOUTSANTONIS:** But I am not sure whether the member for Davenport uses Facebook. The technologies and the interactive games on Facebook are probably something he cannot relate to—and they are not meant to relate to someone of his age: it is the Office for Youth website. Facebook has a number of interesting interactive tools that relate to young people, and it has been developed in consultation with young people. In terms of the Involve program, I have been advised that the service providers asked specifically that that be left on the website as a reference.

I agree that we need to update the website. It is ongoing work. I am keen that the Office for Youth consults with young people about the development of the website, hence, the Facebook

page. I am not sure whether the shadow minister has become a fan of the Office for Youth on his Facebook site.

*The Hon. I.F. Evans interjecting:*

**The Hon. A. KOUTSANTONIS:** He probably does not have a Facebook site. We are trying to develop it and change it. Reaching young people is getting harder, and we are looking at different ways of hearing different voices from young people. One of those ways is Twitter, another way is Facebook, and another is the website. I know the member for Davenport is probably used to older technology, things such as pen and paper, email, pigeon. I think the Office for Youth is trying its very best, and I will make sure the website becomes more relevant to young people.

**The ACTING CHAIR:** As members know, as chair, I try to be as flexible as possible and assist everyone as much as possible. I want to draw everyone's attention to the fact that we are now at half past 9—

**The Hon. I.F. EVANS:** We started four minutes late, though.

**The ACTING CHAIR:** —and we are at the point when we are supposed to be leaving the youth portfolio to go to Volunteers. I do not mind if you two do not mind using a bit more time on youth and a bit less time on Volunteers. That does not worry me, but I am just drawing it to your attention.

**The Hon. I.F. EVANS:** I am relaxed with that.

**The ACTING CHAIR:** At best, the youth line will finish in four minutes. At the end of that we will move on.

**The Hon. A. KOUTSANTONIS:** If the opposition does not find the Office for Volunteers as important and wants to take time off volunteers, it is entirely up to them. We have waived all our questions, so the opposition can have as many questions as it wants.

**The Hon. I.F. EVANS:** You only waived questions for youth, not volunteers. On the website, leader—sorry, future leader—

**The ACTING CHAIR:** I think 'minister' is sufficient, presently.

**The Hon. I.F. EVANS:** No, his star is rising. To give an example, on the website you go to 'get info' and you go to the South Australian Government Youth Traineeship Program, and up it comes up with 'possible dangerous content, no access'. You go to the environment link and the Youth Environment Council and up it comes that you cannot get access. You go to the housing link, the 'get a place' link, and up comes 'possible dangerous content'. Spend an hour on the website and enjoy it, minister. I am sure you will then make some changes.

**The Hon. A. KOUTSANTONIS:** I advise the member for Davenport that the website has been updated. Maybe he can ask the member for Schubert for a bit of advice on this. Websites, especially ones run by PNSG and the department, have very strict guidelines about what you can open up and sometimes there is a glitch in the system. Perhaps if the member tried on a different computer that is not run by the state government, he would have found it a lot easier to open up these pages. Sometimes, I am advised—

**The Hon. I.F. EVANS:** You are assuming, minister, I did not run it on my home computer and my office computer and get the same answer.

**The Hon. A. KOUTSANTONIS:** Every time the opposition raises an email or something on the computer I get very nervous about its authenticity, so I would double check before I take the word of anyone in the opposition about an email or a website, or how it works.

**The ACTING CHAIR:** Anyway, as we all know, emails is a very large topic and it is not part of your portfolio.

**The Hon. I.F. EVANS:** I have two last questions, minister, on this section and then we can get on to volunteers. If you are prepared, as you just said, to go and check all those things such as emails, why would you not go and check in your own agency regarding the Easling memo?

**The Hon. A. KOUTSANTONIS:** When the member for Davenport walked across the chamber and handed me a document that he said the department did not know existed or had been from Tom Easling—

**Mrs GERAGHTY:** Mr Acting Chairman, on a point of order, this certainly has nothing to do with estimates and the budget lines, and I suggest the minister should not be baited.

**The ACTING CHAIR:** I have already explained that and indicated that, if everyone here is happy to deal with matters that are not relevant to estimates, until there is an objection taken to it, I do not think it is my role to interfere. However, now there is an objection taken to it. It has been canvassed before and I think—

**The Hon. I.F. EVANS:** I understand if the government wants to close it down.

**Mrs GERAGHTY:** That is not the case at all. The fact is you have had ample opportunity, and there are other avenues through which you can deal with this issue. It is not part of estimates committees. That is the point.

**The ACTING CHAIR:** Everybody calm down, otherwise I will name myself and have myself removed.

**The Hon. A. KOUTSANTONIS:** The opposition makes an accusation; therefore, I am bound to respond because I do not want to leave it hanging out there. When members of the government raise fair points and say that it is not part of estimates, they yell out that we are trying to shut them down.

**The ACTING CHAIR:** Well, can you answer it succinctly, and then we can move on to Volunteers.

**The Hon. A. KOUTSANTONIS:** I did everything the member for Davenport asked me to do. He came to me and said, 'What will you do with this document?' I said that I would forward it to the Attorney-General, and he was very pleased with that response. This is the first time I have had any sort of idea that the member for Davenport was anything but happy with what I did.

He was very pleased when I spoke to him about what I had done. He was very pleased with the letter he had received from me, and he thanked me. Now, all of a sudden, it is not good enough—probably because there is a leadership challenge on.

**The ACTING CHAIR:** Let's leave that one sitting in the air. There being no further questions for the Minister for Youth, I declare the proposed payment adjourned. We now move to the Minister for Volunteers.

#### **ATTORNEY-GENERAL'S DEPARTMENT, \$138,279,000**

#### **ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$70,020,000**

##### **Membership:**

Mr Pederick substituted for Mr Venning.

##### **Departmental Advisers:**

Ms D. Contala, Executive Director, Business and Financial Services, Attorney-General's Department.

Mr A. Swanson, Director, Business and Financial Services, Attorney-General's Department.

Mr A. Hamilton, Director, Office for Volunteers, Attorney-General's Department.

**The ACTING CHAIR:** I declare the proposed payments open for examination and refer members to Portfolio Statement, Volume 2, Part 7. Minister, I gather you are not making a statement in relation to this matter.

**The Hon. A. KOUTSANTONIS:** No.

**The ACTING CHAIR:** Member for Davenport, you are leading in relation to these matters, are you?

**The Hon. I.F. EVANS:** I am.

**The ACTING CHAIR:** Are you making a statement or just asking questions?

**The Hon. I.F. EVANS:** I am just asking questions. I remind the minister that the government has not given up questions in this line. In our agreement. You reserved the right to ask questions in this line if you wanted to, and I was quite comfortable with that.



All these questions relate to Budget Paper 4, Volume 2, pages 7.59 and 7.60. It is a small budget line. One of the goals of the Office for Volunteers is to develop better protection for volunteers. During the food donations legislation, the government committed to put out a discussion paper extending that protection of liability of donation to other donors and services. Why was that not released in May, as promised?

**The Hon. A. KOUTSANTONIS:** I am advised that that question is better for the Attorney-General.

**The Hon. I.F. EVANS:** It is probably better for the Attorney-General, minister, but as the Minister for Volunteers I know that you would have been following this discussion paper closely because it goes to the question of taking liability off volunteers for their activities, which is one of the key performance indicators of the Office for Volunteers. So, my question is: has the Office for Volunteers, or you as Minister for Volunteers, been consulted in the preparation of the discussion document?

**The Hon. A. KOUTSANTONIS:** In answering the first part of the member's question, the cabinet as a whole considered these issues, and the Attorney-General is dealing with the matter. I am not going to pre-empt anything here in estimates. However, I want to say a few words about this.

The Volunteer Protection Act has been in place since 2001, and I understand that the member for Davenport knows a bit about that. Its purpose is to encourage people to volunteer their time to community organisations without fear of litigation while contributing their time and skills as a volunteer. The act provides no protection for an organisation and, in fact, transfers personal liability from the individual to the organisation. Organisations should, therefore, look at their risk management policies and procedures to ensure that they have adequate insurance.

The Office for Volunteers distributes fact sheets relating to risk management and group insurance for volunteer communities to help in the safe management of volunteers. Group insurance schemes have provided a mechanism for organisations that carry out similar activities to present themselves to an insurance broker as a group and thus reduce their premiums.

Volunteer organisations that are incorporated under the Associations Incorporation Act 1985 have found it difficult to recruit experienced professional people to their boards due to concerns related to personal liability. The Associations Incorporation Act has been amended so that boards of not-for-profit organisations are now able to use the advice of someone with expert knowledge—for example, an accountant—and not be held personally liable for the results of that decision. This offers voluntary board members the same protection that is available to paid directors.

**The Hon. I.F. EVANS:** In relation to the discussion paper being prepared, and that was publicly announced by the Attorney in the house during question time, and given that I, as shadow spokesman, have been consulted by the Attorney, has the Office for Volunteers been consulted on the preparation of that document?

**The Hon. A. KOUTSANTONIS:** As I said, I am not going to pre-empt any discussion on it at all.

**The Hon. I.F. EVANS:** I am not asking what is in it; I have seen what is in the draft. I am just wondering whether you or your office were consulted.

**The Hon. A. KOUTSANTONIS:** I am not going to pre-empt any discussion on it until it is released. I have answered it.

**The Hon. I.F. EVANS:** Minister, are you concerned that the opposition may have been consulted in the preparation of the document and not your office?

**The Hon. A. KOUTSANTONIS:** The government as a whole deals with these matters. You are making assumptions based on my answer which are not accurate—

**The Hon. I.F. EVANS:** So the office was consulted? That is all I am asking.

**The Hon. A. KOUTSANTONIS:** Again, you are making assumptions based on my answer that are not accurate—but that is your wont. I am saying that I am not going to pre-empt any decision or announcement by the Attorney-General. He will be here in estimates and you can ask him all you like. It is like asking me about a police station—

**The Hon. I.F. EVANS:** No, I am not asking about a police station, because it has nothing to do—

**The Hon. A. KOUTSANTONIS:** Volunteers go into police stations.

**The Hon. I.F. EVANS:** Sorry?

**The Hon. A. KOUTSANTONIS:** The member for Davenport needs to understand that in a cabinet—

**The Hon. I.F. EVANS:** I have been in cabinet.

**The Hon. A. KOUTSANTONIS:** I know you have; you are probably one of the few on your side who have had any experience in government and do not shoot from the hip and rush into parliament making accusations that are not true. I am trying to caution—

**The Hon. I.F. EVANS:** Five minutes ago you were telling me I was.

**The Hon. A. KOUTSANTONIS:** Well, you were; but you quite cleverly said it inside the parliament rather than outside—unlike your leader. But I am not going to pre-empt any decision the Attorney-General makes.

**The Hon. I.F. EVANS:** So you are not prepared to advise the committee whether the Office for Volunteers has been consulted on the preparation of the discussion paper. I understand. I will go to a different question. One of the key performance indicators for the Office for Volunteers is to reduce the barriers to volunteering. Can the minister update me on one barrier that has been removed or reduced?

**The Hon. A. KOUTSANTONIS:** I have just read into *Hansard* a long and detailed discussion about how we are helping volunteers to be able to freely give advice to volunteer groups without fear of being liable for their decisions, much like directors. I think that is very big jump.

Obviously, we are always trying to encourage people to volunteer. I know that in last year's estimates the opposition had problems with the number reached of 600,000. I think volunteering in South Australia is one of the great assets this state has, and we do everything we can to make sure that volunteers can go about their work, making the lives of South Australians better, as freely as possible.

I know from my experiences in volunteering (and I am sure members of both sides know this as well) that volunteer groups are thirsting for more activity. Just recently I went to Flinders University and saw a group of students who produce ads for volunteer groups under a program from the Office for Volunteers. Not only are we helping those students gain access to and experience in designing and drafting ads for volunteer groups but we are also teaching them how to work within budget, and are helping their creativity.

At the same time, we are helping these volunteer groups to get their message out to recruit more volunteers. Once these ads are made, they get air time and they are put on television through the general government purchase of TV advertising. The great thing about it is that there is a queue of people who wish to have ads made for their organisations.

It is a great program of which I am very proud. It was started by minister Rankine, as I understand it, and it is something that the government is doing every day. When you turn on your TV, you see us encouraging people to volunteer and swell the ranks of volunteer groups.

**The Hon. I.F. EVANS:** Minister, the example you have just given about the legislation for reducing volunteer liability was the legislation done by the previous government in 2001. I helped to draft it, I introduced it, and it was unanimously supported. My question is: since then, in the eight years the government has been here, can you give us an example of a barrier to volunteering that has been reduced?

**The Hon. A. KOUTSANTONIS:** I am advised that, under the previous government, the small grant acquittals process was for \$1,000. We have increased that from \$1,000 to \$5,000 to \$10,000, therefore making it much simpler and reducing red tape for organisations that apply for grants of up to \$10,000. We have made it a lot easier for an organisation to get access to money to do their work. The most important thing about volunteering is helping organisations to go out and do the work.

Often—and you will know this as a local member of parliament—in these smaller organisations, the same people get hit over and over again to buy raffles and to do the work. So, government grants are becoming a very large part of how they deliver their services and how they help people. Increasing the acquittals process to \$10,000 has lifted a major barrier for a lot of these organisations in reducing red tape in order for them to go out and deliver these services. That is something we are very proud of.

**The Hon. I.F. EVANS:** Minister, do you think it would be wise to invest money into growing volunteer organisations outside of Volunteering SA? I do not wish to criticise Volunteering SA; I think that group and the organisation's centres do a very good job. Organisations such as Rotary or Lions (and, formerly, Rural Youth) are good organisations with excellent youth wings that are struggling, and it seems to me that, in order to get more people to volunteer, it would pay to attach some government resources to growing existing volunteer organisations. I am wondering why there is not more focus on that in the budget documents.

**The Hon. A. KOUTSANTONIS:** The state government recognises the incredible contribution that volunteers make to our communities. I understand exactly what the member is talking about. We have contributed support to volunteer resource centres (VRCs) in metropolitan and regional South Australia. You will see one coming to you soon. The VRCs provide referral services and valuable training for volunteers and aim to give much needed support to community organisations to enable volunteering to grow and flourish.

Some local and district councils are already doing a considerable amount of work to support their local community, so it seemed appropriate to assist councils in their efforts to provide infrastructure support to their local volunteer organisations. The state government made \$200,000 available over two years to provide councils with the opportunity to establish volunteer resource centres in their areas.

The Volunteer Infrastructure Program (volunteer resource centre initiative) offers councils a discretionary grant of up to \$15,000 as seed funding for the establishment of a volunteer resource centre, following the presentation and assessment of an appropriate business case. It is expected that each VRC will provide a central hub for volunteering.

Information, resources and support: the VRC will be supported by the local or district council and included as part of their day-to-day operations. The community services provided would need to be financially sustainable and supported by the local community. Each council's VRC would be established in different ways, including service delivery. This would enable alignment with a council's particular circumstances and community needs, as identified by a charter of agreement with the local volunteer community.

The councils which were successful in receiving seed funding in the 2008-09 financial year and with which contract negotiations are in progress are: City of West Torrens, City of Holdfast Bay, Clare and Gilbert Valleys Council, the Flinders Ranges Council, the Northern Areas Council and the Limestone Coast Council; and there is a joint submission involving the Naracoorte Lucindale Council, District Council of Grant, District Council of Robe, the City of Mount Gambier, Wattle Range Council, Tatiara District Council and the Kingston District Council.

**The Hon. I.F. EVANS:** Sorry, what is that a list of, Minister?

**The Hon. A. KOUTSANTONIS:** It is a list of city and district councils that have received seed funding or are in negotiations to receive seed funding. In 2008-09, \$105,000 in funding was made available to councils to establish VRCs over the next financial year. In 2008-09, \$100,000 was budgeted for the provision of free training between the rural and metropolitan resource centres and Volunteering SA.

So, we are trying to get it to local councils. The organisations that you are talking about (that I know you are very active in) will, hopefully, take advantage of these resources when someone goes in and says, 'I want to volunteer.'

**The Hon. I.F. EVANS:** The point is that the more structured volunteering organisations tend not to use those resources. They tend to have very good training facilities and programs themselves. It seems to me that the government basically does not embrace them at all in relation to increasing the volunteer contribution. I will make that point and you can do what you will with it.

Is the minister comfortable with the office spending about \$1.1 million to administer a grant line of about \$580,000? It just seems an extraordinary thing: the grant line is very small for the cost of administration. Has the minister looked at or is he considering a more efficient way of delivering the grant program?

**The Hon. A. KOUTSANTONIS:** I will point you back to the Office for Youth, when you were talking about grants versus salaries. A lot of the salaries provide services and programs, as well. The information that volunteer groups get from the Office for Volunteers is invaluable: the help and assistance, the risk needs and risk assessments. In terms of service delivery, it is not just the grants. I know it is easy to look at it and say, 'Well, there are grants; that must be all the service

delivery you do.' I consider the whole office to be a service delivery agent; it does an excellent job and I am very proud of it.

**The Hon. I.F. EVANS:** Do the Office for Volunteers staff run training programs themselves or do they simply do the administration work in contracting someone to do the training?

**The Hon. A. KOUTSANTONIS:** I am advised that we contract the work out after consultation with the local community.

**The Hon. I.F. EVANS:** The Office for Volunteers, to my knowledge, simply does the administration; they do not actually deliver the service—they contract people to deliver the service. Is that a fair summary?

**The Hon. A. KOUTSANTONIS:** Again, I do not accept what the member is saying. The Office for Volunteers section that you are talking about is a very small part of it. I can give you an example of what the staff do in the office. In partnership with the University of South Australia's School of Communications, it offers the development of free websites—

**The Hon. I.F. EVANS:** They could help the Office for Youth.

**The Hon. A. KOUTSANTONIS:** They could, yes. Further, it offers electronic newsletters, brochures, DVDs and other electronic promotions to community groups. The Office for Volunteers existing community website project has been expanded and renamed the Sustainable Online Community Engagement Project (SOCE), which links students at the University of South Australia to community-based volunteer groups. Students partner community organisations in the development of communication and IT tasks such as event management, marketing and public relations skills. Students also develop websites for community organisations that are then hosted free of charge for 12 months.

The following skills are developed in the School of Communication's graduate course and offered to community groups through the Office for Volunteers. Students from the course's advanced production project continue the development of print-based brochures for community groups. Work is undertaken on collaborative database backed websites and is designed to facilitate rapid communication development of ideas and resources for interest groups.

Students from the course, Public Relations II, build relationships with community groups to ascertain and develop ongoing public relations strategies for the group. Students continue to be involved with the community group projects, websites and website development, sometimes even after the project has been finished—they get more people involved. Over 130 organisations providing a range of activity have benefited from this program. It is an example of what they do. We can give you more, if you like.

**The Hon. I.F. EVANS:** Actually, if you could give me a list of—and I do not expect it today, but via the response through the system—all the grants that have been approved, by electorate.

**The Hon. A. KOUTSANTONIS:** I will check, but I would be very surprised if the Office for Volunteers has a breakdown by electorate. I am not sure what you used to do when you were in government, and I am guessing that you have some sort of corporate memory here where you probably remember seeing a list from the Office for Volunteers of their grants backed by marginal seat electorate—

**The Hon. I.F. EVANS:** No.

**The Hon. A. KOUTSANTONIS:** —or otherwise I cannot understand how you would come to the conclusion that we have a breakdown by electorate. I am sure it is more by district council or something, but I will check and I will get back to you.

**The Hon. I.F. EVANS:** The only reason I am asking is that you give information out. For example, in your press release, Southern Futures gets a grant for \$3,000. There is no way of knowing where that organisation is. All I am trying to do is establish where they are. You google them and nothing comes up. I do not know what the organisation is or what they do. Maybe they could provide it to me by postcode.

**The Hon. A. KOUTSANTONIS:** I will tell you what I will do, I will read them out to you now, if you like.

**The Hon. I.F. EVANS:** If you want to be clever. I am happy for you to send them through in writing. You do not have them by electorate, do you?

*Mrs Geraghty interjecting:*

**The Hon. I.F. EVANS:** These are the ones that are approved. If you want to read them out, I cannot stop you.

**The Hon. A. KOUTSANTONIS:** I am advised that we do not have anything by electorate, but I can give them to you—

**The Hon. I.F. EVANS:** When they send it out, can they do it by suburb or something, so I know roughly where it is?

**The Hon. A. KOUTSANTONIS:** You want the address of the organisation.

**The Hon. I.F. EVANS:** I do not want any private information. I want to be able to locate roughly where they are.

**The Hon. A. KOUTSANTONIS:** I will not read them out. Here is one, Camden Community Centre; you can guess where that is.

**The Hon. I.F. EVANS:** Yes.

**The Hon. A. KOUTSANTONIS:** But I can see what you mean. Like, Cudlee Creek Country Fire Service; you know where that is. Kangaroo Island Arts Society Incorporated, I think you can guess where that is.

**The Hon. I.F. EVANS:** I know some of them are easy but a lot of them have vague names.

**The Hon. A. KOUTSANTONIS:** What you are saying is you would do it by electorate. Many of these places, such as Labs for Life (guide dogs), I assume they are in the CBD. I will send you a list.

**The Hon. I.F. EVANS:** Minister, if you speak to the other ministers, for instance, the Minister for Recreation, Sport and Racing, they do all of their grants by electorate. It is not a secret; it is not a political agenda.

**The Hon. A. KOUTSANTONIS:** That is how you established it.

**The Hon. I.F. EVANS:** The public servants can do a list of grants and tell us which electorate they are in. I am not saying they have the list in their back pocket. I am asking: can I get a list of the grants that have been approved and have them by electorate?

**The Hon. A. KOUTSANTONIS:** Two points: the sport and recreation grants established by you, I understand, were set up by electorate. The Office for Volunteers support funds that we recommend are not based on electorates. The categories that we use are not based on political affiliation in the electorate.

**The Hon. I.F. EVANS:** No, of course not.

**The Hon. A. KOUTSANTONIS:** I am just letting you know in case there is any accusation that we are—

**The Hon. I.F. EVANS:** I do not make false acquisitions, remember. You told me that earlier.

**The Hon. A. KOUTSANTONIS:** Yes.

**The Hon. I.F. EVANS:** You made that accusation earlier.

**The Hon. A. KOUTSANTONIS:** What I said to you was that, every time the opposition comes into this place with an email or a document and says, 'This is legitimate; this is real,' I get very nervous, because last time I was accused of having some criminal misconduct with the Church of Scientology, which has now been proved to be false. Of course, all of you were lied to as well about the sources—but, anyway. I will send you the list.

**The Hon. I.F. EVANS:** I was going to ask one more question.

**The ACTING CHAIR:** You had better be quick because, unfortunately, this minister is about to leave us.

**The Hon. I.F. EVANS:** Were there any conflicts within the ministerial advisory group for volunteering?

**The Hon. A. KOUTSANTONIS:** I am advised that there is always very robust discussion at these organisations, but I will take that on notice.

**The ACTING CHAIR:** Minister, that concludes your contribution today. I hope you have enjoyed it as much sitting there as you used to enjoy it sitting elsewhere—perhaps even more. There being no further questions, I declare consideration of the proposed payments adjourned to a later date.

**DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT, \$61,825,000**

**Witness:**

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

**Membership:**

Mr Kenyon substituted for Mrs Geraghty.

Mr Hamilton-Smith substituted for Mr Pederick.

Ms Chapman substituted for Mr Goldsworthy.

Mr Griffiths substituted for Hon. I.F. Evans.

**Departmental Advisers:**

Mr B. Cunningham, Chief Executive Officer, Department of Trade and Economic Development.

Mr L. Bruce, Deputy Chief Executive Officer, Department of Trade and Economic Development.

Ms A. Allison, Director, Corporate Services, Department of Trade and Economic Development.

Mr P. Polychronopoulos, Chief Finance Officer, Department of Trade and Economic Development.

Mr L. Piro, Executive Director, Manufacturing, Services and Business Sustainability, Department of Trade and Economic Development.

Mr W. Parham, Director, Trade, Department of Trade and Economic Development.

Mr P. Case, Chief Executive Officer, Olympic Dam Task Force, Department of Trade and Economic Development.

Ms S. Yang, Manager, ImmigrationSA, Department of Trade and Economic Development.

**The CHAIR:** I declare the proposed payments open for examination and refer members to the Budget Statement, in particular pages 2.9 to 2.11, and the Portfolio Statement, Volume 1, Part 2. Treasurer, do you wish to make an opening statement?

**The Hon. K.O. FOLEY:** The only comment I would make is that the Leader of the Opposition is due to be here; did we scare him off yesterday, or he does not want to sit with you, Vickie? Is he coming? Shall I wait for him?

**Mr GRIFFITHS:** No; I have shadow ministerial responsibility.

**The Hon. K.O. FOLEY:** The leader is not coming? I apologise to the leader on the record if we made life so difficult for him yesterday that he does not want to front up today.

**Mr GRIFFITHS:** No; we enjoyed yesterday afternoon.

**The Hon. K.O. FOLEY:** Well, I apologise to him. We were probably a bit too playful. No questions from my side, Madam Chair. I am happy to take questions from the current deputy leader and the shadow finance minister.

**The CHAIR:** Member for Goyder, are you making an opening statement?

**Mr GRIFFITHS:** No, Madam Chair. I will go straight to questions. Minister, I refer to Budget Paper 4, Volume 1, page 2.13. Can you provide me with information on the role of the Mitsubishi task force within DTED and what it has achieved to date?

**The Hon. K.O. FOLEY:** Sure. Where is Marty?

**Mr GRIFFITHS:** He's in the building.

**The Hon. K.O. FOLEY:** He just doesn't want to come into the committee? It is quite extraordinary. The Leader of the Opposition is listed to be here to ask me questions—

**Ms CHAPMAN:** Madam Chair, I take a point of order: this is completely out of order.

**The CHAIR:** Order! There is no point of order. The witness is a witness. We do ask that he cooperates and focuses on the subject, but that is as far as it goes. It will be more helpful for all if he concentrates on the subject.

**The Hon. K.O. FOLEY:** I am just making an observation that, in all my time in the committees, I have never known a leader to say that he would be at a committee and not turn up. I guess that, given that yesterday was a tough day for him, or, as I said—

**Ms CHAPMAN:** You're here and not much use, so what's the difference?

**The CHAIR:** Order! Let's get on with questions.

**The Hon. K.O. FOLEY:** How are you getting on with Marty? Did he fib to you, Vickie, as we read in the paper?

**The CHAIR:** The member for Goyder, your question was?

**Mr GRIFFITHS:** I have asked it.

**The Hon. K.O. FOLEY:** In terms of the Mitsubishi task force, the work we have been doing in the department has been ongoing for some time now. One of the very first things I did on coming into office was to enlist the services of former premier John Olsen to get some advice as to how we should approach Mitsubishi. I worked with federal minister Ian Macfarlane very well, and I had two or three, maybe four, trips to Tokyo. We got the investment out of Mitsubishi. As we know, that failed.

We are in a situation now where we have worked with the workforce and the unions and the company in terms of labour adjustment programs to assist those workers. Those who need assistance have been given assistance with their retraining. A large number have received employment elsewhere. Some have chosen to retire. As it relates now to the site, as I mentioned yesterday, we have money put aside in the Land Management Corporation to assist us should we be able to purchase the site, which is the government's preferred position, probably in partnership with somebody else, so that we can develop that site as quality industrial development.

**Mr GRIFFITHS:** Of those workers from Mitsubishi, how many have actually found jobs? Do you have an accurate number on that?

**The Hon. K.O. FOLEY:** I am advised that, to date, of the 664 existing workers applying for assistance, 589 from Mitsubishi and 75 from supplier companies have been placed into employment, in manufacturing and non-manufacturing sectors, as a result of the transition advisory group.

**Mr GRIFFITHS:** My recollection is that it was in the vicinity of 1,200 people, I think, who were employed at Mitsubishi. So, have the rest either chosen to retire or—

**The Hon. K.O. FOLEY:** I guess so; you would have to ask the union or the company.

**Mr GRIFFITHS:** Therefore, the task force, for how much longer will it continue?

**The Hon. K.O. FOLEY:** The task force now is focusing on what we do with the site. The labour adjustment program has been completed.

**Mr GRIFFITHS:** I again refer to Budget Paper 4, Volume 1, page 2.7. I note that—

**The Hon. K.O. FOLEY:** It just doesn't have the same ring when Marty's not here. Marty, come down, please! I want you in the chamber!

**Mr GRIFFITHS:** Referring to investment attraction as a program, the estimated result for '08-09 was \$10.29 million. The budget for this year is \$7.34 million. Why has there been a reduction in that?

**The Hon. K.O. FOLEY:** Probably because this government, unlike the former Liberal government, is not in the business of handing out large sums of money to companies to prop them up.

**Mr GRIFFITHS:** Is that your answer?

**The Hon. K.O. FOLEY:** Yep.

**Mr GRIFFITHS:** Isn't it important, though, in these economic times to use every opportunity to attract investment into South Australia?

**The Hon. K.O. FOLEY:** Well, it depends on whether you are an agrarian socialist, like yourself, or whether you are a modern, economic thinker, like this government. That is, we believe that the best thing we can do for industry is to facilitate and to assist, not to heavily subsidise. That is not to say that we do not provide assistance to some companies—we do. But I think you need to change the mindset of, in tough times, giving hand-outs to companies. This is about good, solid economic financial management, setting the environment, getting the infrastructure right, facilitating, not subsidising.

**Mr GRIFFITHS:** So, are you defining 'investment attraction', as it appears in the budget, as subsidies towards it?

**The Hon. K.O. FOLEY:** You just did.

**Mr GRIFFITHS:** No, I didn't.

**The Hon. K.O. FOLEY:** Didn't you?

**Mr GRIFFITHS:** No. I am asking for a definition of where the money will be spent and why it has been reduced.

**The Hon. K.O. FOLEY:** Some examples are that we provided a \$1.7 million incentive to Tiger Airways to bring it to Adelaide in 2008-09; that does not appear this year. We also put half a million dollars towards the Olympic Dam task force, which does not appear this year.

**Mr GRIFFITHS:** That is shown in a different area: \$1.03 million.

**The Hon. K.O. FOLEY:** That is a different sum of money. We expended a once-off payment of \$520,000 from the Department Trade and Economic Development in 2008-09; that does not reappear the next year.

**Mr GRIFFITHS:** Can you provide me with a breakdown of where those funds are going to go, that \$7.34 million?

**The Hon. K.O. FOLEY:** I don't understand the question. What \$7 million are you talking about?

**Mr GRIFFITHS:** The budget figure for 2009-10 for investment attraction.

**The Hon. K.O. FOLEY:** What about it?

**Mr GRIFFITHS:** A breakdown of the expenditure areas.

**The Hon. K.O. FOLEY:** We have not spent it yet.

**Mr GRIFFITHS:** There are proposals involved, presumably, to have such an identified figure within the budget.

**The Hon. K.O. FOLEY:** That is what we have this year to assist us if we choose to make some investment attraction decisions. We cannot tell you where we are going to spend it if we have not made the decision. Which page are you referring to?

**Mr GRIFFITHS:** I am referring to page 2.7, where the program net cost of services summary is detailed.

**The Hon. K.O. FOLEY:** Some of that money has been allocated. There is \$400,000 for our Aviation Attraction Fund; \$877,000 for commercial marketing projects; and a film industry package. We pick up the cost of the Olympic Dam task force out of that budget, and there are operational costs, and then there is discretionary money for what we will spend during the course of the year should we identify opportunities. However, I cannot flag what those opportunities are ahead of actually identifying them.



**Mr GRIFFITHS:** Some detail is contained on page 2.17 of the budget papers. But I appreciate the information from the Treasurer. I now move to page 2.18, again relating to investment attraction. I refer to Strategic Plan target T1.5, which is to exceed Australia's ratio of business investment as a percentage of the economy by 2014. What progress has been made in the last three financial years, and is South Australia on track in this regard?

**The Hon. K.O. FOLEY:** Yes we are. Those targets are stretch targets. This government, through the Strategic Plan, is the first government to put very ambitious targets and framework around what we want to achieve right across a series of policy areas—and, clearly, the economy is one of the main ones. However, we have seen a transformation in this economy in recent years the likes of which we have never seen before.

You were at the trends lunch the other day and would have heard what the speakers were saying about the economy. The economy is doing exceptionally well. In the words of Chris Richardson, we are the best performing state in the best performing nation on the globe right now. So, we are clearly performing exceptionally well. We have created in excess of 100,000 jobs, and we have unemployment down to record lows. Notwithstanding the global financial crisis, our economy is doing extremely well.

Why is that the case? Over the last 20 years, we have had significant economic restructuring, tariff barriers have been brought down, and there has been an opening up of our economy and micro-economic reform—all of that has been going on around us (and I give credit for this to all sides of politics, both national and state), and that means companies operating and surviving and making a dollar in Adelaide and South Australia today are doing so for the right reasons and are sustainable.

What have we done since we have come to office? The deputy leader quite often makes fun of the Fraser Institute references we make. Well, she would be the only person who makes fun of the Fraser Institute; it is one of the leading mining institutes on the globe in terms of assessing what are the most prospective places for mining exploration. We put in the PACE program (the accelerated exploration program), and we took it from \$30 million a year for exploration to over \$330 plus million. What has that resulted in? It has resulted in four operating mines going to 10, going to 20, going to 30, and some; and, of course, the BHP mine.

In relation to defence, we aggressively went after the air warfare destroyer project. We have put \$400 million into the project down at Port Adelaide, and we have been criticised for that. What are we seeing now? The next generation of submarines—\$35 billion of the most advanced electronics ever constructed anywhere in the world—will be built here in Adelaide. On top of that, we have had the battalion come to Adelaide, and we have had whole series of electronics coming into South Australia as a result of that work. Ultimately, we have ensured that this economy has some real breadth and sustainability in traditional manufacturing in terms of the future going forward.

We have a whole series of companies, such as Ausenco and Ultra Electronics, which has come in on the back of one of the contracts. We have a large number of new businesses coming in right across the manufacturing spectrum, and we also have new airline entrants into South Australia, such as Tiger Airlines, and we have more domestic and international flights coming into Adelaide. This state and this city have never performed better economically than it is now, notwithstanding the global economic crisis.

**Mr GRIFFITHS:** I want to seek clarification on your definition of 'stretch targets', which is what you referred to in the first part of your answer. When a Strategic Plan target is set, if it is not achieved, is that when the period is pushed out?

**The Hon. K.O. FOLEY:** No. A stretch target does not mean that you stretch the date of the target out. It means that it is a highly ambitious target that you may not achieve. That's a stretch target—you've got to go hard to get it.

**Mr GRIFFITHS:** So, are we on target?

**The Hon. K.O. FOLEY:** Well, you know, motormouth over there, the deputy leader, who, honestly, comes up with some of the most inane comments this parliament has ever heard, has an opinion on everything. We are trying to do the best we can, deputy leader. We have actually been prepared, unlike your lot, to put down targets, goals and aspirations.

*Ms Chapman interjecting:*

**The CHAIR:** Order!

**The Hon. K.O. FOLEY:** What is uncalled for? I will not answer the question if it is uncalled for.

**The CHAIR:** Interjections are also out of order and the general rule that applies is if interjections are made, they are out of order, and responding to interjections is also out of order.

**The Hon. K.O. FOLEY:** If my comments are out of order, I will end my answer there.

**Ms CHAPMAN:** Madam Chair, if I interject, he will hear it. I was speaking to my colleague, and I am entitled to speak to my colleague.

**The Hon. K.O. FOLEY:** If my comments are out of order I will finish my answer at that point.

**Mr GRIFFITHS:** Treasurer, the reason for my question on this area is that I am advised that South Australia's share of national profit and new capital expenditure has declined from 2002.

**The Hon. K.O. FOLEY:** From what source have you got that information?

**Mr GRIFFITHS:** The information provided is that 6.9 per cent in 2002—

**The Hon. K.O. FOLEY:** Where is that information from?

**Mr GRIFFITHS:** It is the information that I have in front of me.

**The Hon. K.O. FOLEY:** Yes, but who has provided that statistic?

**Mr GRIFFITHS:** It is part of the research we have done on the—

**The Hon. K.O. FOLEY:** ABS or—

**Mr GRIFFITHS:** It is part of the research we have done—

**The Hon. K.O. FOLEY:** You do not know, do you? Someone has given it to you. You are the shadow finance minister and you do not know where your statistical data has come from.

**Ms CHAPMAN:** Madam Chair, could you keep some control of this meeting?

**The CHAIR:** Order!

**Mr GRIFFITHS:** South Australia's business investment fell in 2007-08—

**The CHAIR:** Deputy leader, the proceedings managed very calmly and profitably last night without interjections. So, I think if we just leave it to the member for Goyder and the Treasurer we will find that useful information for the state is supplied. Member for Goyder.

**Mr GRIFFITHS:** Thank you, Madam Chair.

**The Hon. K.O. FOLEY:** All I am asking is, I am not going to take on face value your statistics without some reference to who has given you that information—not the person, but what economic data is that that you are providing—ABS data, national accounts data?

**Mr GRIFFITHS:** Treasurer, what is your understanding of the data from the 2007-08 financial year as it relates to South Australia's business investment, compared to the nation's?

**The Hon. K.O. FOLEY:** I will take that question on notice. We are doing exceptionally well. I do not have the statistics in front of me. You are going back to 2007-08; this budget deals with 2009-10, so I do not have that data in front of me. We have done very well in the business investment area. My recollection from parliamentary briefs, from information provided to me from Treasury and the Department of Industry over time, is that we have actually lead the nation for many quarters with business investment. We have had a very strong business investment capital flow into this state. Clearly, as we head into the global financial crisis (GFC), one of the great victims of that crisis is a reduction in business investment right around the globe.

**Mr GRIFFITHS:** Indeed, we are referring to budget figures, so what is the latest figure for 2008-09 for business investment? Do you have that information available to you?

**The Hon. K.O. FOLEY:** We will get that information for you. It probably would have been better asked last night in the Treasury portfolio, because Treasury are the keepers of the bulk of our economic data.

**Mr GRIFFITHS:** I understand that, but DTED has an important role to actually have that information available to it—

**The Hon. K.O. FOLEY:** Yes. I am not saying that you should not ask it; I am just saying that it may have been better asked last night when I had the economics branch from Treasury here, but we will get you that answer.

**Mr GRIFFITHS:** What are the projections then for 2009-10, or is that similarly held within Treasury?

**The Hon. K.O. FOLEY:** I will get you that answer as well. As I said, it would have been better asked last night. In terms of percentage of business investment flow in, it would be very difficult for a state to be forecasting business investment flows, but I will see if we have a predicted number. Obviously, we will have an historical number, but whether we have a predicted number, I am not sure.

**Mr GRIFFITHS:** Because it very closely links to the confidence in the economy, obviously.

**The Hon. K.O. FOLEY:** No kidding.

**Mr GRIFFITHS:** Therefore, again I am surprised that that information is not held within DTED.

**The Hon. K.O. FOLEY:** You are asking me what would the level of business investment be next year. That is a very difficult number—I would be very surprised who can forecast, with any accuracy, what that will be. One of the great problems of the global financial crisis is that global capital is not circulating around the world, businesses are not investing anywhere near what they were.

The Commonwealth Bank Business SA survey of South Australian business expectations, which I have just been provided with, reported that South Australian business confidence decreased during the March quarter, indicating the financial crisis is taking its toll on local business confidence, now at a two year low, despite expectations of further interest rate cuts. Bank SA's May report, however, said that business confidence has risen from an eight year low in February, but consumer confidence declined marginally.

We are going through an economic downturn. We are doing our best to avoid a recession. Business investment gets hit. It would be almost impossible, I would have thought, to predict the level of business investment going forward, but I will see what data we have or what research we have done.

**Mr GRIFFITHS:** Treasurer, as an extension of that, is business approaching you highlighting the difficulty of accessing cash?

**The Hon. K.O. FOLEY:** Yes, absolutely. Borrowings, you mean?

**Mr GRIFFITHS:** Yes.

**The Hon. K.O. FOLEY:** Yes, there is quite a bit of that.

**Mr GRIFFITHS:** But they are still managing to secure it through difficulties through mainstream banking operations?

**The Hon. K.O. FOLEY:** It depends. It depends on the business. Property developers, for example, are finding it very difficult to access capital. The banks are putting much more stringent pre-commitments on it. We hear some cases for residential where they are requiring 100 per cent pre-commitments. I know of cases where they had been prepared to finance at 60s and 70s pre-commit for commercial floor space and have jumped it up to 85 per cent. So, that is a real problem.

It is the cost of the capital. The margins that they are now charging on capital are quite high. It is one issue that I intend to take up again with the federal Treasurer Wayne Swan and the Prime Minister next Thursday at our COAG meeting in Darwin. I intend to relay to them, which I am sure they are hearing as well, what I would consider to be unacceptable behaviour by our banks.

I have been banging on about this now for seven or eight months, the behaviour of our banks as they relate to mid-size companies in particular, particularly for the funding of projects where they are taking the government guarantee on the one hand and doing nicely out of that guarantee. You would see that their margins appear to be returning to pre-crisis margins, yet they are making it so difficult for businesses to access capital.

I think that is appalling behaviour. They are successfully ensuring that their balance sheets are restored and improved at the expense of lending to business. That is a choke to business investment and a choke to business confidence.

**Mr GRIFFITHS:** True. In the first part of your answer you alluded to the large scale business opportunities that exist with major property development, but what about the SMEs? Are they also approaching DTED saying that they have problems accessing capital?

**The Hon. K.O. FOLEY:** We have had a few, but it is difficult for us to do anything about that.

**Mr GRIFFITHS:** Will that be part of the issue that you take to the meeting about the need to support small to medium sized businesses?

**The Hon. K.O. FOLEY:** Absolutely. It is not just about property developers, but on the property development front that is why Labor put forward the Rudd bank as an option, which, as you heard, Chris Richardson thought was a good idea. Perhaps the time has passed but he thought it was a good idea. Of course, your political party opposed it.

**Mr GRIFFITHS:** I refer to page 2.17: Investment Attraction. I note in the grants and subsidies that the 2008-09 estimated result was a little over \$4 million. This year the budget figure is down to \$1.4 million. Can you provide the reasons why—

**The Hon. K.O. FOLEY:** It is the same answer I gave earlier; it is the same program.

**Mr GRIFFITHS:** You are unable to predict.

**The Hon. K.O. FOLEY:** No. The variance of \$2.615 million relates to \$1.7 million that we provided in 2008-09 for Tiger Airways and \$520,000 for Olympic Dam and a decrease of \$400,000 in grant payments expected for the Aviation Attraction Fund.

**Mr GRIFFITHS:** Can you give details of the other grants that were provided in 2008-09?

**The Hon. K.O. FOLEY:** I already did.

**Mr GRIFFITHS:** I think you talked about the gap between last year and—

**The Hon. K.O. FOLEY:** Okay; I will take the question on notice.

**Mr GRIFFITHS:** I refer to page 2.18. Through DTED's Investment Attraction program work has been undertaken to raise South Australia's profile on the eastern seaboard as an investment location, including promoting investment opportunities for decision makers of targeted national companies through the hosting of investment lunches in Sydney and Melbourne attended by the Premier, the Deputy Premier and the Economic Development Board. Can you give me some feedback on what the discussions at these investment meetings have involved?

**The Hon. K.O. FOLEY:** We have been doing that regularly since we came to office. We do a number of events in Sydney and Melbourne through DTED. We do events through SA Great. We do events directly as Premier and Treasurer with banks and companies. It is a regular part of the work that the Premier, other ministers (including the Hon. Pat Conlon and the Hon. Paul Holloway) and I do. I assure you that we also have ALP commitments, but they are always kept quite separate; and we have not had any dealings with the Church of Scientology's education arm. Where is Marty?

**Mr GRIFFITHS:** He is here.

**The Hon. K.O. FOLEY:** Come on, Marty, come down. Don't be scared: I will be nice to you. I have Vickie here. It is much more fun brawling with Vickie than with you.

Look, we promote the state and put forward the benefits of investing in South Australia. We put forward the arguments for South Australia. We have high level discussions about opportunities in South Australia. That is what we do.

**Mr GRIFFITHS:** What actual investment has been created through these lunches in the past year?

**The Hon. K.O. FOLEY:** It is very difficult to label a particular company and correlate that with a particular event. One thing you have to do in this business is meet, greet and work with companies over an extended period of time. We have had a record number of companies set up in the state as a result of a lot of detailed activity and work by the Premier, officers of the department and me. It has led to a number of very good outcomes; some it hasn't.

**Mr GRIFFITHS:** I understand that relationship building is important at any level at which you operate; I appreciate that. In your discussions with these people have they identified from their perspective any negatives attached to an investment opportunity in South Australia?

**The Hon. K.O. FOLEY:** They may have, but I am hardly going to recall or recite to the parliament in-depth discussions that I have had with business.

**Mr GRIFFITHS:** In relation to a policy of government or a tax policy that has been identified as a negative—

**The Hon. K.O. FOLEY:** No-one has raised tax as an issue with me at all.

**Mr GRIFFITHS:** They do not look at land tax?

**The Hon. K.O. FOLEY:** No. I think the land tax debate, in terms of interstate capital movement, is an absolute furphy. We have had the biggest commercial building boom this state has ever seen in the past five years. Developers, who have put serious money into developing property in this state, have never once mentioned land tax to me—never once mentioned tax to me as a disincentive or impediment to investment. That is not to say that there are not some cases that you might be able to produce, but I am not aware of them.

I am not saying that people do not raise tax or land tax as an issue. It more regularly comes from small to medium sized developers here in the state who have their own grievances. I may be wrong, but I cannot recall offhand a developer saying, 'I'm not going to build a 20-storey building in Adelaide because the land tax is too high.'

**Mr GRIFFITHS:** That is somewhat of a surprise to me.

**The Hon. K.O. FOLEY:** The argument for commercial development is: is there a need, is there a yield and is there capital growth potential? Land tax is but a cost of doing business. It is a minor cost compared with the upside of a building that has good yield, good growth and good letting potential.

**Mr GRIFFITHS:** In relation to the investment functions, can you provide details of those which were held in 2008-09?

**The Hon. K.O. FOLEY:** Of what, sorry?

**Mr GRIFFITHS:** The investment functions you have held promoting South Australia in 2008-09, where and when have they been held?

**The Hon. K.O. FOLEY:** We had two investment attraction lunches in Sydney and Melbourne, which were attended by over 140 chief executive officers and key decision makers from a range of industries including ICT, education, resources and defence.

**Mr GRIFFITHS:** What was the cost to government?

**The Hon. K.O. FOLEY:** I will get those costs.

**Mr GRIFFITHS:** Are any DTED representatives involved in those discussions or is it primarily elected members?

**The Hon. K.O. FOLEY:** Sorry?

**Mr GRIFFITHS:** Are DTED staff involved also?

**The Hon. K.O. FOLEY:** Yes.

**Mr GRIFFITHS:** At senior level only?

**The Hon. K.O. FOLEY:** Yes. Why?

**Mr GRIFFITHS:** Just a general question.

**The Hon. K.O. FOLEY:** We have DTED staff there. I do not know why that would be a surprise.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 1, page 2.15: the Export Council. Can you give an update on what is happening with the Export Council?

**The Hon. K.O. FOLEY:** We set up an export council on the advice of the Economic Development Board back in 2004. The export council's membership expired on 31 December 2007, and we had a number of discussions in 2008-09 with Business SA. In conjunction with Business SA, we undertook extensive industry consultation with industry associations and business groups during late 2008 but that failed to identify any significant industry support or any specific role for an export council. Discussion with the chair of the previous export council also confirmed the view that there was no strong industry support for such a council, nor had a specific role been

identified through the export council's previous work. In more recent discussion with Business SA, it has been advised that the earlier concept of having an industry-led export council is no longer part of Business SA's agenda and, therefore, we will not proceed with a new one.

**Mr GRIFFITHS:** I understood that there were some issues relating to its future, but in the commentary on page 2.15 it states, 'International Market Development includes the Office of Trade which in association with the Export Council supports industries'. Therefore, my assumption was that it was still operating.

**The Hon. K.O. FOLEY:** No, it will not be continuing. It depends what you want such a body to do. The government took the view that, if it is to have any role, it should be industry led, and industry does not want that type of bureaucracy. We have CITCSA (the Council for International Trade and Commerce of South Australia), which has, I think, over 20 individual chambers of commerce, doing its thing; Austrade; our office of trade and economic development with our offices overseas; individual marketing arms and activities undertaken by exporters in themselves; their own industry associations—for example, the Wine Industry Council does its own export work; and the various rural-based entities do their own work. The view from industry was that it did not need an industry collective or an export council, and we accept that.

**Mr GRIFFITHS:** Did DTED have a philosophy that it needed some overarching body? Obviously, that is why you had the export council previously.

**The Hon. K.O. FOLEY:** Yes. It was not overly successful in what it was doing and the industry itself did not see a need for it.

**Mr GRIFFITHS:** Is there any level of concern that the fact that there is now no specific coordinating role disadvantages us?

**The Hon. K.O. FOLEY:** That is the Department of Trade and Economic Development's role. That is why you have a department. We wanted to try to see whether a representative industry group could work, and it did not, in terms of providing a lot of value add to either government and/or the participants.

**Mr GRIFFITHS:** Since the export council completed its task and voluntarily wound up, by the sound of it, what resources has DTED put into ensuring that every effort is made to gain export incomes?

**The Hon. K.O. FOLEY:** We have a department and an office and dedicated officers whose job it is to assist companies in the export arena. In the recent 12 months, we have put a full-time trade representative into the markets of Vietnam and Chile on the back of our very successful mining, engineering, manufacturing and wine exports to Chile, and we have officers throughout the globe. We have the Market Access Program, which has assisted 248 South Australian companies to develop export markets. We have the TradeStart program, which is jointly funded by state and federal governments, with 238 active clients and 55 companies and 80 export sales valued at \$4.9 million in regional South Australia.

We have officers in China, Europe, the Middle East, India, Hong Kong and Singapore and now Vietnam and Chile, and we carry out a number of trade missions. The Premier on a yearly basis leads a very large trade delegation, with the assistance of the department and the Chief Executive Officer, and takes a very large number of companies. I have done quite a few trips to Malaysia and Vietnam recently and also to other parts of the globe. We have regional development boards, business enterprise centres and various export clubs. I think it could be hard to argue that the state government does not put a lot of effort and resources into export. We put in a lot of effort.

**Mr GRIFFITHS:** I am not denying that multiple organisations are involved in export opportunities but, from my perspective, we have to ensure that there is a value adding to what we produce, and that is the opportunity to go to a larger market. That is the only reason why I asked this question, because if the export council was a focus two years ago—and I know that a previous chairman gave a commitment that if he did not increase exports by, I think, a certain dollar figure, he would resign. That is a person whom I know, and he is committed to international market opportunities, not only in his own area but also for the state, and he is very passionate about it.

**The Hon. K.O. FOLEY:** A lot of companies do their own thing and are quite happy to do so. If companies need assistance there is a myriad of government assistance programs available, such as Austrade, through its state-based programs, and we work with individual companies that need assistance. However, getting a group of business people together once a month or once a quarter, whilst useful, did not really add enough value to sustain it as an ongoing entity.

**Mr GRIFFITHS:** I note that in the performance commentary on page 2.16 it states that South Australia's exports were \$10.4 billion and about \$2 billion worth of services were exported. Much of the growth in our exports in recent years has come from motor vehicles parts and accessories. Can you provide some comments on the impact that the GFC will have, especially on the car market?

**The Hon. K.O. FOLEY:** In the car market, it has flatlined. General Motors Holden's was exporting 50 per cent of its production, and that has evaporated. What it was exporting into the United States and the Middle East has dried up during this global financial crisis and recession in the United States. That is a well publicised fact. Wine sales are down, given that the American and European consumer have dropped prices. The drought has had an impact on grain and horticultural production. We have had commodity price decrease at a rapid rate. So, it has not been a good time for exporters.

Having said that, we do have indications of a better rural season coming up. You would be in a better position to comment on that. We are seeing some return to good commodity pricing, or better commodity pricing. As for the car industry, to be honest, who knows?

**Mr GRIFFITHS:** You have detailed a few of the areas that are down this year. Do you have the figures for 2008-09 and what the projection will be for loss in export income?

**The Hon. K.O. FOLEY:** I do not think we would be projecting a number.

**Mr GRIFFITHS:** For 2008-09, not 2009-10.

**The Hon. K.O. FOLEY:** What was our—?

**Mr GRIFFITHS:** Reduction in export income. I think you talked about wine.

**The Hon. K.O. FOLEY:** The most recent merchandising export figures show that South Australia's export growth slowed in April 2009 to just 3.2 per cent. Our export growth is still being driven by sales of wines, metal ores and scrap, coal, gas, copper, meat, and precious metals. Falls in exports were recorded for motor vehicle parts and accessories, wine and food.

**Mr GRIFFITHS:** In the same budget paper at page 2.6, I note that one of the targets for DTED is to assist 40 companies achieve their first export sale and 30 exporters to win additional export customers, contributing to a targeted \$250 million in new trade. You have talked in previous answers about the challenges facing this and not being able to predict these things. Is that an ambitious or moderate target?

**The Hon. K.O. FOLEY:** Are you talking about the TradeStart program?

**Mr GRIFFITHS:** It is the third dot point from the bottom: it does not identify a program. As I said, it just says 'assist 40 companies achieve their first export sale'.

**The Hon. K.O. FOLEY:** Well, if it is a target for 2009-10, we will let you know at the end of 2009-10. It is a target, and the department would have its work plans and work schedules to do that.

**Mr GRIFFITHS:** I understand that, but my question was: is it an ambitious or moderate target?

**The Hon. K.O. FOLEY:** It is a target. I do not know. You call it ambitious: I do not know. Ambitious or moderate, we will see at the end of the year whether or not it is ambitious or moderate. It is a realistic target. You would not be putting something in there that is not realistic. Let us be fair to the officers involved: they have a plan to assist 40 companies achieve their first export sales and 30 exporters to win additional sales.

*Mr Griffiths interjecting:*

**The Hon. K.O. FOLEY:** I do not know what is funny about that. If you have a business plan and the department has a work schedule—

**Mr GRIFFITHS:** It was not funny: that was a private comment. It must be realistic, I recognise that, and the department staff has access to information that allows that. But, on the basis that that level is actually achieved and that target is met, what percentage of exporting businesses will South Australia then have?

**The Hon. K.O. FOLEY:** With all due respect, what is the number now of companies that export—the percentage?

**Mr GRIFFITHS:** I am advised it is 6 per cent.

**The Hon. K.O. FOLEY:** Well, it is 6 per cent.

**Mr GRIFFITHS:** Whereas the national average is 13 per cent.

**The Hon. K.O. FOLEY:** My officers do not have that number. Six per cent sounds low, but it might be right.

**Mr GRIFFITHS:** Given the number of small to medium—

**The Hon. K.O. FOLEY:** I need to know what the number is, and at the end of the year if we get an extra 40 companies I will find out what that is as a percentage for you. It is a mathematical equation. I do not have that front of me. We will get that checked. My officers are telling me the 13 per cent national figure does not sound right, but we will get that checked.

**Mr GRIFFITHS:** Again talking about exporting companies, do you believe that the strategic plan target of exporting \$25 billion by 2014—

**The Hon. K.O. FOLEY:** That is a stretched target—underline 'stretched target'.

**Mr GRIFFITHS:** I know that goes up and down depending on a lot of vagaries.

**The Hon. K.O. FOLEY:** Yes, commodity prices and global financial crises. That is a tough one to achieve: I accept that. But the strategic plan was not about setting easy goals. The strategic plan set a target for a population of 2 million by, I think initially, 2050, which we thought was a stretched target, and we are going to get there by 2034, or something. So, sometimes what appears like a stretch you can get there quicker than you realise. \$25 billion of exports is a big stretch, and it is going to be a tough one to get to: I accept that.

**Mr GRIFFITHS:** I suppose the strategic plan focus has changed from a document that was government-driven to one that is community-driven, has it not?

**The Hon. K.O. FOLEY:** Correct.

**Mr GRIFFITHS:** I presume DTED has been involved in consultation with the communities that developed all those revised and updated targets and determined what is there. Obviously, the strong community focus is on wanting to achieve that.

I refer to Budget Paper 3, page 8.6. Was there any advice from DTED in regard to a contribution by the state government to the desalination project proposed as part of the Olympic Dam expansion?

**The Hon. K.O. FOLEY:** Would you ask that question again, sorry?

**Mr GRIFFITHS:** Was there any advice from DTED about the previous proposal?

**The Hon. K.O. FOLEY:** Yes.

**Mr GRIFFITHS:** I know many regional people were quite interested in the fact that previously a commitment was given that they would be involved in that project and now there is none, and the effect that will have on water resources around the nation. Can you comment on that?

**The Hon. K.O. FOLEY:** Of course. There is no secret that DTED initially was working with BHP on a desalination plant option to provide water. That was prior to the Olympic Dam task force being established and taking over responsibility for that, and we had various desalination working parties and our intention was to be a partner in that project. However, we made a decision as a government to build the 50 gigalitre plant, which has now become a 100 gigalitre plant, south of metropolitan Adelaide, and that changed the government's focus on desal from being a partner in one in the north of the state to building its own desal plant here in the southern suburbs. That was a very (excuse the pun) fluid period when we were looking at all sorts of water security options, and we have chosen not to proceed with the Olympic Dam project. That will be a stand-alone project for BHP. Various issues did arise with regard to that project and we were advised that to have been a successful partner we would have almost had to have built a second plant next to it.

**Mr GRIFFITHS:** Because of the different water quality requirements?

**The Hon. K.O. FOLEY:** Yes, there were different water quality requirements and BHP had a second pass process, I think, at Olympic Dam, so there were issues there. BHP will still be proceeding with its plant—and it will be a whopper of a plant—to look after Olympic Dam needs.



We are separately looking now at water security needs for Eyre Peninsula and Upper Spencer Gulf, and we will make some announcements about that in the future.

**Mr GRIFFITHS:** Still focusing on the Olympic Dam opportunities, and I recognise that the EIS is out for consultation at the moment, what is the latest advice you have on timing?

**The Hon. K.O. FOLEY:** BHP has put the EIS out for a longer period of time than initially it had proposed. Essentially, that was its decision, and we were not uncomfortable with that because it was a fairly tight time line. In terms of when it will get the go-ahead for the project, in my discussions with Marius Kloppers and my officers' discussions, clearly BHP wants to get through this EIS process and identify issues relating to it, and it will make its decision when it thinks the economic and commodity situation is one in which it can make that decision. I expect (and I am only guessing here) that we will still have a decision sometime next year.

**Mr GRIFFITHS:** So, all things being equal, the decision occurs. Therefore, when would works on site commence and what would be the schedule?

**The Hon. K.O. FOLEY:** You would have to ask BHP the time it would take between a board decision and the actual starting of construction work. I do not know the exact time, but I do not think there would be an inordinate delay. BHP has already expended many hundreds of millions of dollars. It has its project team here in Adelaide. Adelaide will be the centre of its uranium business, and we have over 50 government subcommittees and working groups working right across all the issues.

We will sit down with them in the near future in terms of negotiating the indenture, the revised indenture or the new indenture, whichever way we go. We have some sticky issues, royalty rates and various other issues we have to negotiate. We had initially hoped that the project would be approved and that construction would begin in the first couple of months of 2010. That has been delayed a few months, but just exactly how long I cannot comment on until BHP makes that decision.

**Mr GRIFFITHS:** I recognise that the economic spin-off from the expansion to South Australia is enormous; there is no doubt about that. Have you done some modelling on the direct benefit to government from royalty revenues?

**The Hon. K.O. FOLEY:** We have done various projections on that. None of the forward estimates contains any royalties from Olympic Dam. We are looking at a number of scenarios with royalties as to how we will go forward, and I am doing quite a bit of work on that at present. Bear in mind that, under horizontal fiscal equalisation (and this is just a rule of thumb), it is quite likely that 70 to 80 per cent of the royalties we earn here will be redistributed to other states. So, the actual net royalty gain to this state is not as substantial as the headline number would suggest.

**Mr GRIFFITHS:** For clarification, the royalties will be paid directly to us, but there will be a reduction in the funds from the Grants Commission.

**The Hon. K.O. FOLEY:** No. This was a long discussion we had last night about the methodology of the Grants Commission's distribution mechanisms. Effectively, all the income goes into a mythical pot, and the Commonwealth Grants Commission, under its methodology, decides how that pool is divided amongst the states.

For brevity and simplicity, without going into a lot of detail—although at any point I am happy to get you a proper briefing (and I mean this sincerely) from far smarter people than me on exactly how the whole Commonwealth Grants Commission works—of new income that you earn above a certain average, it has to distribute that out to the rest of the nation.

What that effectively means is that we will get into our books, let's say, \$100 million for a figure. I am just using that as an absolute guess number. We would get that \$100 million into the budget this year and, when they do that yearly methodology update, they would reconcile that we are getting this extra income, so they will reduce our grant from the Commonwealth Grants Commission by, say, \$70 million or \$80 million, which gives us and that \$20 million or \$30 million, and then that extra \$70 million or \$80 million is then spread around the other states.

In fact, in many ways, a mining boom in WA does help this state; therefore, a mining crash in WA hurts this state. Because royalties are decreasing at a rapid rate in Queensland and WA, that has a material impact on GST distributions through HFE.

Again, in crude terms, certainly for as long as I am in government—and maybe for as long as you are in government, should you win—for the next decade my guess is that there will be a lot more money going out the door in terms of public infrastructure and government programs in

establishing the mine infrastructure than we will be receiving in financial benefit until we get through that hump of getting this operation up and running.

**Mr GRIFFITHS:** But it is the indirect benefit that justifies the argument.

**The Hon. K.O. FOLEY:** Yes; it is the indirect benefit, absolutely.

**Mr GRIFFITHS:** I note that the extension of the Olympic Dam task force has been supported financially in the budget. How many people are involved in that?

**The Hon. K.O. FOLEY:** Seven. Paul Case, who would be known to many, heads up the team. He has seven direct reports and brings in consultants when needed. Of course, Bruce Carter chairs the BHP government interactive committee, the interface between the company and the government, ably supported by DTED, I should say.

**Mr GRIFFITHS:** I refer to Budget Paper 3, page 2.9. This question still relates to mining. Reports are coming through of a reduction in employee numbers involved in the mining industry. Can you provide some comment on that?

**The Hon. K.O. FOLEY:** Where are those reports?

**Mr GRIFFITHS:** I know that a question was asked of you in the house about, I think, a 37 per cent reduction, 13,000 people fewer in the mining industry.

**The Hon. K.O. FOLEY:** In South Australia? We would not have that many in the mining industry in South Australia, would we? I don't know what you are referring to.

**Mr GRIFFITHS:** The question was asked in the house only two weeks ago. It might have been to the Premier.

**The Hon. K.O. FOLEY:** I do not recall the question. If it has been asked once, why would you ask it again?

**Mr GRIFFITHS:** I am just looking for some detail from you.

**The Hon. K.O. FOLEY:** I do not know what the question was.

**Mr GRIFFITHS:** I respect the fact that—

**The Hon. K.O. FOLEY:** Mining is increasing in this state.

**Mr GRIFFITHS:** Yes, and a large number of people are involved in the establishment as compared to the operational staff numbers involved.

**The Hon. K.O. FOLEY:** I think your staff need to prepare better questions.

**Mr GRIFFITHS:** Again, I refer to Budget Paper 4, Volume 1, page 2.6, regarding the second target point from the bottom about broadening the overseas network office to focus on new trade, business migration and investment activities. You have talked about Chile and Vietnam in the past year.

**The Hon. K.O. FOLEY:** Yes.

**Mr GRIFFITHS:** Were they the only offices opened in 2008-09?

**The Hon. K.O. FOLEY:** Yes.

**Mr GRIFFITHS:** Do you have any intention to open any more in 2009-10?

**The Hon. K.O. FOLEY:** No; not that I am aware of. Yes, my recollection is that those two offices were the only two we opened in the previous year. To the best of my understanding, at this point, we have no intention of opening any new offices this year.

**Mr GRIFFITHS:** What is the cost of that program? How many countries do we operate in currently?

**The Hon. K.O. FOLEY:** We will provide that to you. I have it here but it is listed by each office, so I would give you that and the consolidated number in response, if you like.

**Mr GRIFFITHS:** Thank you. Specifically, regarding the offices opened in 2008-09 in Chile and Vietnam, can you give me some information on why those countries were identified and where you believe the opportunities are?

**The Hon. K.O. FOLEY:** Clearly, Chile has the BHP Billiton connection between the two nations and the enormous copper mines. I know a number of people have been to Escondida. I

have been to Escondida and Spence copper mine. Their copper mine executive office, from memory, is in Santiago. We have a large number of opportunities, not just with the BHP link in the two countries and the opportunity for the companies that supply BHP here in Australia to do business in Chile and vice-versa, but the opportunities are also in mining services, engineering and fabrication. Also, we can either see the Chilean wine industry as a threat or an opportunity, and I think clever winemakers and those associated with that industry see it as an opportunity as well.

As to education, when I was in Chile I was advised that the Australian government is making 500 scholarships available through AusAID to Chilean students to study in Australia. Through Education Adelaide and our office, we will do a lot of work with our universities, so we have a lot of activity from our universities and vocational colleges. In a private discussion I had with the Foreign Minister, Stephen Smith, about a year ago, he made it clear to me that the Rudd government will see South America as a priority for increasing both diplomatic and economic activity between Australia and that region. It has effectively been a neglected region.

When I look at Queensland, former premier Peter Beattie is up and down South America regularly. Other governments are putting a lot of effort into it, and it is a tremendous market opportunity for us, not just in Chile but beyond. Incidentally, we have the free trade agreement with Chile, so that is another impetus.

I think Vietnam speaks for itself. It is the emerging tiger with something like 80 million people where 60 per cent are under the age of 30. It is an industrious, productive country that is rapidly improving its quality of life for its citizens. We have a very strong Australian-Vietnamese connection. It is the second fastest growing economy in Asia and we are the first state to put an office into Vietnam. I visited recently both our embassy in Hanoi and our consulate in Saigon. We have a very active and large consulate in Saigon/Ho Chi Minh City.

**Mr GRIFFITHS:** Certainly, Vietnam is an exciting market.

**The Hon. K.O. FOLEY:** Yes; I think it is worth a crack.

**Mr GRIFFITHS:** Is there any particular focus, though, for the staff you have there?

**The Hon. K.O. FOLEY:** We have one person.

**Mr GRIFFITHS:** And that is in Chile?

**The Hon. K.O. FOLEY:** But in Chile, Hong Kong and Vietnam—and we were doing it in India, although I am not sure that is the case now—we integrate our person into the Austrade offices and they become part of the Austrade contingent. We pay a fee for service for support, but that person is fully integrated into the Austrade business model and business, and they are there to seek out opportunities to South Australia.

We also have another bonus in a former staff member of mine who now works for the Australian Trade Commission in the office. We have a couple of South Australians working for us. In fact, the person we have appointed is not a South Australian but a Vietnamese Australian—a very impressive young woman—who has been a leader in the Vietnamese community in New South Wales and who had been working for a major law firm in Saigon for some years. So, we are very fortunate to have attracted this person.

**Mr GRIFFITHS:** They are obviously exciting chances in those two countries. What about the work being done in other nations?

**The Hon. K.O. FOLEY:** We have offices in other parts of the world.

**Mr GRIFFITHS:** Can you provide some details on where they are and what they have been doing?

**The Hon. K.O. FOLEY:** We have offices in China (Shanghai), India, the United Kingdom, Dubai, Singapore.

**Mr GRIFFITHS:** Do these offices only have two staff members in each?

**The Hon. K.O. FOLEY:** No; it depends. The Dubai office would have three or four people. We have trade representatives per se and then they have support staff. We are constantly reviewing whether they give us value for money. When we came into office there was a much larger trade network around the globe. I cut that back quite a bit, and we changed the business model. In Hong Kong, we had a fully fledged office and, again, we went back to putting in the Austrade person into the Hong Kong office, implementing this idea of being part of Austrade rather than having our own stand-alone office.

**Mr GRIFFITHS:** I know it has been difficult times in 2008-09, but what direct benefits have those offices brought to South Australia? Do you have some examples of trade opportunities or investment opportunities that they have opened up?

**The Hon. K.O. FOLEY:** We have reporting functions. We do have a person in Jinan, as well. I am advised that our offices in China, by March 2009 (for the year), had directly facilitated \$16 million in exports, providing on-ground support in China for 11 trade missions from South Australia, two of which were high level minister led trade missions but the other nine were business missions (so much of this is about facilitation); assisted 21 buyers/investors groups to visit South Australia—11 investment projects have been established to date; promoted 18 export related market events in China; prepared 20 marketing intelligence reports for relevant South Australian industry sectors; and conducted two seminars in South Australia to promote export opportunities in China.

Our Hong Kong office, our person there, has directly facilitated \$5.5 million in exports; provided on-ground support for three outbound trade missions to Hong Kong by business; and assisted 15 individual companies on their export inquiries regarding Hong Kong. India directly facilitated \$27 million in new exports for various SA companies and education exhibitions; supported a South Australian delegation for the International Food and Wine Exhibition and represented South Australia at various conferences and exhibitions including mining; provided visit programs and market intelligence for 105 companies; organised functions to provide education and migration to South Australia; liaised with companies and educational institutions visiting Chennai; and arranged investment/buyer missions to Australia.

Singapore and Malaysia directly facilitated a total of \$22.5 million in exports through organised inbound buyer missions and matching interests of Singaporean and Malaysian companies with South Australian companies; provided on-ground support for seven official trade delegations; assisted with in-country state promotions that I led in Malaysia; organised seven high level buyer missions to South Australia during the year for key supermarket and food industries and suppliers in Singapore and Malaysia; conducted a study tour of cold chain and warehousing processes used by major South Australian supermarkets for 12 senior executives of Sheng Siong Supermarket group and Singapore Airlines in February 2009; assisted 94 skilled and business migrants with their inquiries; and, of course, helped us with Singapore Tiger Airways' decision to choose Adelaide as its second Australian base.

Dubai directly facilitated \$19 million in exports—approximately 62 per cent of the total export value is related to the service sector; provided on-ground support for two government led missions visiting the region; supported South Australian delegations to the Big 5, Gulf Food and the IDEX trade shows; and visit programs and market intelligence provided to 171 companies, including the education, defence, food and beverage, manufacturing and water industries. These are but some examples of the work they do.

**Mr GRIFFITHS:** Thank you, Treasurer; I appreciate the detail of that answer. I refer to Budget Paper 4, Volume 1, page 2.6: Innovation and Investment Fund. Can you provide me with the details of how much state and federal money is involved in that fund?

**The Hon. K.O. FOLEY:** The commonwealth provided \$27.5 million and we provided \$2.5 million.

**Mr GRIFFITHS:** The highlights for 2008-09 talk about securing a commitment of \$67 million. That \$67 million is in addition to that \$30 million?

**The Hon. K.O. FOLEY:** Yes, additional investment.

**Mr GRIFFITHS:** There is an officer behind you shaking his head, Treasurer.

**The Hon. K.O. FOLEY:** No, what I said is correct. The \$30 million has leveraged a further \$67 million.

**Mr GRIFFITHS:** And 450 new jobs have resulted from that.

**The Hon. K.O. FOLEY:** That is what I am advised.

**Mr GRIFFITHS:** That is a mixture of metropolitan and regional careers.

**The Hon. K.O. FOLEY:** Correct.

**Mr GRIFFITHS:** Given that I am a regional member of parliament, I am particularly interested in regional communities that might have accessed those. Do you have those details available?

**The Hon. K.O. FOLEY:** Yes. Australian Southern Exporters in Port Lincoln, and that is it.

**Mr GRIFFITHS:** A great shame.

**The Hon. K.O. FOLEY:** Its main focus was to provide employment opportunities that were lost from the Mitsubishi work. There is a second round about to come out, so there are other opportunities. I have a list of the companies. I am happy to include them in the *Hansard* response.

**Mr GRIFFITHS:** I would appreciate that, Treasurer. Thank you for that. In relation to the fund and its activities for 2009-10, what dollars will be available and what is the make-up of the contributions for each?

**The Hon. K.O. FOLEY:** Sorry, I should clarify that. We have used \$15 million of the \$30 million and we have another \$13 million to \$15 million of the second round to go out.

**Mr GRIFFITHS:** There is no additional contribution.

**The Hon. K.O. FOLEY:** No, it is part of that \$30 million. I apologise.

**Mr GRIFFITHS:** The expectations of a return this year are vastly larger than for the similar investment of the money from the fund. If last year highlighted that \$67 million—

**The Hon. K.O. FOLEY:** Sorry, I am confusing everyone, including me. Of the first round, the \$15.366 million that we put into the market, that leveraged \$67 million, and we will wait to see what comes out of the next round.

**Mr GRIFFITHS:** The targets for 2009-10 talk about the opportunity to leverage \$120 million.

**The Hon. K.O. FOLEY:** We are ambitious people.

**Mr GRIFFITHS:** I am pleased to see that.

**Ms CHAPMAN:** Treasurer, I refer to page 2.6 of the Portfolio Statement, where it states that you propose to 'maintain the state's migration program to further increase our share of skilled migration and stem the outflow of locals to interstate'. I note that in the Portfolio Statement you do not set out a schedule of the State Strategic Plan targets that apply to your portfolio, whereas the other ministers do. For example, on page 2.9, minister Conlon outlines quite a detailed list of not only the targets that he is responsible for in his department but also how they are performing. The Minister for Health, for example, sets out a summary of the ones that are applicable. He does not give a performance indicator specifically but does make reference to them. Has the state target for the net interstate outflow of population to zero been reduced?

**The Hon. K.O. FOLEY:** You have not read the State Strategic Plan, then?

**Ms CHAPMAN:** I have; it has changed several times, actually.

**The Hon. K.O. FOLEY:** You have not read the latest iteration? Breaking news, incidentally—

**Ms CHAPMAN:** Minister Maywald has previously done this; she said it was 2010. My questions are—

**The Hon. K.O. FOLEY:** Sorry. Can I give an answer?

**Ms CHAPMAN:** My question is: is that still the target?

**The Hon. K.O. FOLEY:** Can I give my answer now?

**Ms CHAPMAN:** Thank you.

**The Hon. K.O. FOLEY:** Breaking news! I am advised that the Leader of the Opposition has been in meetings this morning but will be attending the committee shortly. Whether or not these were leadership meetings, I do not know—

**Ms CHAPMAN:** That is the new target, is it?

**The Hon. K.O. FOLEY:** —but I am reliably informed that he will be coming to visit us soon. So, let us look forward to that moment. The Strategic Plan interstate population target is to reduce the net loss to zero by 2010, with a net inflow thereafter to be sustained through to 2014.

**Ms CHAPMAN:** Well, having not changed—

**The Hon. K.O. FOLEY:** If you had read the report, you would not have had to ask—

**Ms CHAPMAN:** In the previous two years, they had been changed. Minister Maywald's statement to this committee last year was the target as you have outlined. So, having confirmed that is still the target, in 2006, the net interstate outflow was 2,500; in 2007, it was over 3,000; and last year it was 5,200. I think the Treasurer would agree that we are going—

**The Hon. K.O. FOLEY:** Where did you get those figures?

**Ms CHAPMAN:** ABS. The Treasurer would agree that we going in the wrong direction.

**The Hon. K.O. FOLEY:** They are ABS figures, are they?

**Ms CHAPMAN:** My question relates to the programs you have for dealing with this target and, hopefully, turning it around so that it is at least on track. I refer to the programs you have highlighted on page 2.12. One of the programs is an interstate advertising campaign during 2008-09, including both migration and business investment messages, that ran in Sydney, Melbourne and Perth. How much has been spent in each of those periods on the advertising campaign?

**The Hon. K.O. FOLEY:** We will come back to the house with that answer.

**Ms CHAPMAN:** Also on the same page, it states:

Since 2006, South Australian jobs and lifestyle have been showcased within the Make the Move campaign at the annual National Career and Employment Expos held in Sydney and Melbourne.

During the last two years, minister Maywald has kept us informed as to how that Make the Move campaign has been progressing. I think it is fair to say it is something of which she is very proud. In 2006, it was a half a million program, and in the last couple of years, I think it has been up around \$700,000 as a program. Does the program still exist or has it been cut?

**The Hon. K.O. FOLEY:** No; it does still exist. We will be spending \$1 million on that program this financial year. The marketing mix includes advertising, events, direct marketing online, and a fulfilment strategy, at a cost of \$1 million. We have put a lot of work and effort into this, as has SA Great, in partnership with government, in identifying ex-pats in particular but also non ex-pats to come into South Australia.

As a state, we are still losing more people interstate than we are receiving back, and we acknowledge that we have not yet reached the target. However, I prefer to put in this way: in a modern global economy, it is not unreasonable—in fact, I think desirable—that our young people should seek and be able to seek job opportunities internationally and interstate. I know that you, as a mother, have that same situation within your family unit. That is a good thing. The thing we have to get in balance is that there are job opportunities should that person choose to come back to Adelaide. As an economy, we have to encourage our young citizens (and accept their decision) to go interstate and overseas. If and when they want to come back, we should ensure that we have job opportunities available.

We have seen a large number of ex-patriots coming back into this state. I am looking at some figures, and I see that in the last financial year, I think it is, 22,000 people came into South Australia whilst 27,000 went out. So, I think we need to put that in context to see that it is not just a one-way flow; we just have to close that gap. The point I am trying to make is that the stronger we—

**Ms CHAPMAN:** That is the net 5,000 we are talking about?

**The Hon. K.O. FOLEY:** Yes. The stronger we make the economy and the more job opportunities we make available, the more opportunities there will be for young people. You cannot attract people back into the state if there are not the jobs. So, the primary focus of what we have to do as a government is to get the economy moving well, and then ensure that we facilitate ways in which we can attract our young back to this state, or give them reasons not to leave in the first place.

As I have often said, my ambition is to see a family in the Napa Valley in California being put under pressure when the young daughter comes home and says, 'Mum, I'm going to learn to be the best winemaker in the world. I'm going to Roseworthy in South Australia,' and they get the map out and say, 'Where the hell is South Australia?'

Certainly, with the electronics industry in the defence sector, we are getting a large number of young software computer and defence systems engineers into South Australia, and they are coming in from the United States, Britain and Europe. A lot of those young people are coming from overseas because we do not yet have the skills here. Our universities are now making those

positions available, and they are putting serious resources into new curriculum to train up our own young people to take these jobs into the future. I do apologise, but that program has been cut for 2009-10 from \$1 million to \$485,000.

**Ms CHAPMAN:** I thought it had been.

**The Hon. K.O. FOLEY:** Yes; we have wound it back a bit. Sorry about that.

**Ms CHAPMAN:** So, now it is down to \$400,000; was there some reason why that was cut? Did you think that perhaps because we were going in wrong direction that it was not working, or what was—

**The Hon. K.O. FOLEY:** No. I think it was because the Treasurer put budget efficiency savings into the agency, to be perfectly frank.

**Ms CHAPMAN:** Was there any review of that program? To your knowledge, has there ever been a review of that program?

**The Hon. K.O. FOLEY:** Yes, well, I would hope there would be.

**Ms CHAPMAN:** There had not been in the last two years, and that is why, now you are in charge, Treasurer, I thought you might be able to tell us if there had been one.

**The Hon. K.O. FOLEY:** Caroline Francis, who would be known to many of us from the Motor Sport Board, has only recently moved to the department, so it would be unfair to ask her. Since the program commenced there have been 2,500 requests from interstate people who wished to be linked into our recruiter employers network. We are now going to be undertaking research with key migration targets to refine promotional activity, ascertain triggers and prompt people to migrate and identify services to better facilitate interstate migration to South Australia into the future. So, the answer is that Caroline is undertaking that review as we speak.

**Ms CHAPMAN:** I certainly welcome that. I think it is important that we do.

**The Hon. K.O. FOLEY:** Yes, I agree with that.

**Ms CHAPMAN:** Any idea of when it is going to happen?

**The Hon. K.O. FOLEY:** When the campaign is concluded at the end of June, Caroline is then going to take an analysis of its effectiveness. I accept that is something that we should be doing.

**Ms CHAPMAN:** So, in the meantime, are there other factors that you think have developed a continuous increase in the net exodus out of the state? I have quoted the last three years, but you can go back before that, well before the global financial crisis.

**The Hon. K.O. FOLEY:** I guess what it is, and bear in mind—I am not being critical of your comment, it is a fair question—that we have also had a large number of international migrants coming into this state, so we have had a net positive inflow of people and we have a net positive population growth for the first time for many years as well. My guess is that as the national economy has grown, as our economy has grown, more opportunities have opened up interstate than they have, necessarily, here.

I would like to look at some historical data as to what the numbers were five years earlier in terms of the gross numbers. I do not think it is an easy answer to say that we have not been getting it right here. I think it is more an indication that there are serious job opportunities as the states of Queensland and Western Australia have booming economies. If you traced where these people went, my guess is that a lot of them have probably followed the jobs and the dollars in these higher paid jobs interstate.

**Ms CHAPMAN:** One of the questions I asked your predecessor was whether she had ever undertaken any study from her department, questionnaires and the like, as to why people leave—have it on your website—and why they are not coming back. Is that the sort of thing that you would consider investigating?

**The Hon. K.O. FOLEY:** I will, and I take that on notice. SA Great has been doing a lot of this work as well, and we have transferred a lot of this responsibility to SA Great, which has a very extensive database. I was in Sydney a few months ago doing a big promotion for SA Great for expats. I think that is a fair question and a reasonable thing for us to have a look at if it can be done.

**Ms CHAPMAN:** Are you satisfied that you are going to be able to achieve the target by 2010, or is it proposed that that will be changed again?

**The Hon. K.O. FOLEY:** I would not want to change the target ahead of next year. If we fail we fail, but I do not think we should change the target.

**Ms CHAPMAN:** It is just that your predecessor, again, said, 'We weren't tracking to get that previous target, so we moved it out to 2010.'

**The Hon. K.O. FOLEY:** No. I would leave it there and if we fail I would look at why we failed and what is a more realistic target.

**Ms CHAPMAN:** The other matter, again, on page 2.12, refers to the apparent establishment of the migration.sa.gov website, which was launched in December of last year, taking over, as it says, the Make the Move and Immigration SA websites. Previously, of course, you had two separate websites for those. It states there that in the three months since the launch of the website it has received a total of 81,248 visits, and similar data was provided by your predecessor as to how many hits there were on the websites. My question is, since the operation of that website, how many inquiries have there been to be registered on anything other than the list that you have just referred to?

**The Hon. K.O. FOLEY:** Certainly, there are a hell of a lot of hits. I accept the point that hits can be a meaningless number, but there have been 210,000 visits to the site in the first quarter of 2009. It is an extraordinary number.

**Ms CHAPMAN:** Now, of course, it is a combined one.

**The Hon. K.O. FOLEY:** Yes.

**Ms CHAPMAN:** It is one big website, not just those interested in coming to South Australia.

**The Hon. K.O. FOLEY:** Yes, sure.

**Ms CHAPMAN:** So, I suppose my question is: how many inquiries have there been on the make-the-move process, that is, the inquiry into coming to South Australia rather than the particular website, which, of course, has the reverse?

**The Hon. K.O. FOLEY:** I can advise that a total of 333 interstate registrations have been received in response to advertising this financial year: 47 per cent from New South Wales and 31 per cent from Victoria, which are our two key markets, and 81 per cent were professionals in employment. An additional 320 people responded by text messaging, representing a new response mechanism; of those, 260 opted for further engagement is the advice I am given.

**Ms CHAPMAN:** You mentioned there that 22,000 came here last year. In the current financial year, and I admit that it may not be complete, how many have come so far?

**The Hon. K.O. FOLEY:** We do not have this data at this point. I will take that question on notice.

**Ms CHAPMAN:** It may not be identified, but are there certain months that will be available?

**The Hon. K.O. FOLEY:** I will get you that answer.

**Ms CHAPMAN:** I have one further question. Budget Paper 4, Volume 1, page 2.24. It is a slightly different matter. It refers to the regional consultative committee, which is listed as having been involved with health services planning. Was this committee asked to report on or investigate the health department's plan to cut distribution costs to country hospitals and the impact this would have on rural regional communities?

**The Hon. K.O. FOLEY:** I would not think so, but I think that would be a question for the Minister for Regional Development. We should be more civil more often, Vickie. We can do some good work when we are civil and polite to each other.

**Mr GRIFFITHS:** I understand that DTED recently had a restructure.

**The Hon. K.O. FOLEY:** Yes.

**Mr GRIFFITHS:** What was the purpose of that restructure.



**The Hon. K.O. FOLEY:** We brought in Brian Cunningham as the new chief executive officer. As is the prerogative of a chief executive—and also my desire—it was decided to have a fresh look at how the agency was operating. We ensured that we had a good look at the agency to see whether it needed to be restructured and what further work we needed to do. That is the reason for it.

**Mr GRIFFITHS:** I note there had been an increase in full-time equivalent numbers from 181.8 to 214.8. Was the restructure designed to reduce those numbers also?

**The Hon. K.O. FOLEY:** We will come back with an exact answer, but the chief executive has advised me that at least 20 positions were unfilled in the agency at the time.

**Mr GRIFFITHS:** When?

**The Hon. K.O. FOLEY:** I will come back with a detailed answer on the numbers.

**Mr GRIFFITHS:** Have there been savings to the department as a result of the restructure?

**The Hon. K.O. FOLEY:** Yes, and as part of the Mid-Year Budget Review, as well.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 1, page 2.19: Savings Tasks. What are the savings tasks for DTED over the next four years?

**The Hon. K.O. FOLEY:** They would be the savings tasks appropriate for every agency. Obviously, DTED will be part of the Carmody review. It has its FTE requirements (which are in the budget papers) and its efficiency dividends (which every other agency has) and it will be reviewed under the Carmody report.

**Mr GRIFFITHS:** The Mid-Year Budget Review also identified \$2.4 million total—\$400,000 from Defence SA in future years and \$2 million from DTED in future years.

**The Hon. K.O. FOLEY:** The Mid-Year Budget Review?

**Mr GRIFFITHS:** The Mid-Year Budget Review.

**The Hon. K.O. FOLEY:** It would not have been in the Mid-Year Budget Review. The savings targets have been accruing and each year the government has to identify its savings. The agency has to identify its savings for the next year, and that savings number is \$700,000 for 2009-10.

**Mr GRIFFITHS:** What is the approved full-time equivalent cap for your agency?

**The Hon. K.O. FOLEY:** It is 204.

**Mr GRIFFITHS:** Can you provide me with information on the amount spent on contractors by DTED in 2008-09?

**The Hon. K.O. FOLEY:** We will have to come back to you with contractors.

**Mr GRIFFITHS:** Do you have the details on consultants?

**The Hon. K.O. FOLEY:** There is a lot of them. I will provide the information to you in a written answer, if you don't mind.

**Mr GRIFFITHS:** I note at page 2.25 that the consultancy budget figure was \$2.6 million and the actual spent was \$3.478 million—a 33 per cent increase on the budget figure.

**The Hon. K.O. FOLEY:** I am advised that there is some movement between goods and services and consultancies. For our industry workforce development careers promotion we used TMP Worldwide. We had that budget line in goods and services but, in fact, we engaged a consultant. That happens in a number of programs, so it is a definition as against an over-expenditure. One would assume—this is a courageous comment for me—that there would be a corresponding decrease in the amount we spent on goods and services. I am advised that things move up and down in all the lines.

**Mr GRIFFITHS:** In looking at general supplies and services—

**The Hon. K.O. FOLEY:** That is up, too.

**Mr GRIFFITHS:** Yes.

**The Hon. K.O. FOLEY:** I am advised it was impacted by cabinet decisions during the year. It is my fault. An agency such as DTED is called upon to do things throughout the course of a year. Unlike other agencies that can better plan their work schedule, DTED reacts to

developments, be it closure of a plant, a decision to go after an industry investment attraction opportunity or a decision to involve ourselves in a promotion that we otherwise had not expected. Those things impact on the budget fairly substantially.

**Mr GRIFFITHS:** I note that general supplies and services is up by \$2.5 million, so about 12 per cent.

**The Hon. K.O. FOLEY:** The critical line for me is the total expense line, and the 2008-09 estimated result was \$67 million and it actually came in at \$61 million, so the department underspent its budget. Sorry, I got that around the wrong way. The budget, in fact, was \$61 million. We have spent \$67 million. The reason for that was decisions by cabinet through the course of the year that then had to be added to its program, such as the labour adjustment programs, Tiger Airways, careers promotion, a carryover and some money to be put into the Aboriginal foundation. So, a number of decisions were made by cabinet through the course of the year that DTED was required to fund, and we gave it appropriation for it. As you will see, the 2009-10 budget is effectively the 2008-09 budget adjusted.

**Mr GRIFFITHS:** I now refer to page 2.8 of the same budget paper and the accommodation fit-out of some \$4.909 million. When will DTED move into this new accommodation?

**The Hon. K.O. FOLEY:** In December. Its office lease had run out and one of the options was to renew the lease on its existing site. With the government's target for five-star rating, we considered a number of options, including staying where we were and refitting and refreshing that. However, the decision was taken to move into the Conservatory in Hindmarsh Square, which is one of the Hines Group developments—which, incidentally, is a Victorian investor, albeit originally from South Australia, who built that without worrying about land tax, from memory (although that is unlike Jack; he probably did).

**Mr GRIFFITHS:** No doubt he is recovering it with lease payments! What are the lease payments for this building when occupation takes place?

**The Hon. K.O. FOLEY:** The cost of the Conservatory is \$1.6 million. The Olympic Dam Task Force, because of its particular needs, will be keeping part of the Terrace Towers at a cost of \$110,000 per year. So, the full cost will be \$1.71 million.

**Mr GRIFFITHS:** Can I clarify that. I think you said that seven people were involved in the Olympic Dam Task Force. What is the lease component of its retention?

**The Hon. K.O. FOLEY:** It is \$110,000. The Olympic Dam Task Force has a need for meeting rooms. There is a permanent staff but they bring in a lot of consultants to work with them and they have a number of meetings; they will have a variety of meetings going on at any one time. The physical needs of that particular entity are such that it did not fit into what DTED was occupying at the Conservatory. Over the next few years, because of the number of consultants and staff operating in that office and the need to have a number of meetings and room to operate, it was considered an appropriate cost.

**Mr GRIFFITHS:** What was the last full year lease payment on Terrace Towers?

**The Hon. K.O. FOLEY:** It was \$1.172 million.

**Mr GRIFFITHS:** With respect to the lease payment applicable to the Conservatory, is that upon taking occupancy or when the fit-out commences? I define 'occupancy' as when the people move in.

**The Hon. K.O. FOLEY:** Our lease starts from 1 December. Within a couple of weeks of that date they will be moving in.

**Mr GRIFFITHS:** Other than the Olympic Dam Task Force people, there is no ongoing obligation for Terrace Towers?

**The Hon. K.O. FOLEY:** No. The reason why we did not stay in Terrace Towers was that, whilst it had a cheaper lease price, we also had to do a fit-out. The member may not be familiar with the building, but it has a lot of angles and it is a difficult floor plan, and with the new GOAC (Government Office Accommodation Committee) requirements for space, etc., it was proving very difficult to fit-out that particular premises.

**Mr GRIFFITHS:** A reconfiguration would have been required, and that was more expensive than fit-out costs?

**The Hon. K.O. FOLEY:** Yes; it had a large capital component, and we would have had to take in more space. We were a bit cramped where we were. We also had people in Pirie Street. So, it was Terrace Towers and Pirie Street. Currently we are over a couple of sites, so at the Conservatory we can consolidate those people into one site.

**Mr GRIFFITHS:** I refer to Budget Paper 2.6, and I have a question about red tape reduction. I note that in the highlights from 2008-09 it talks about 'achieved net savings to business of \$170 million'. Can you clarify some of the areas in which those real dollar savings have been met with respect to business?

**The Hon. K.O. FOLEY:** I think one of the key ones was in wine labelling. I think we saved \$25 million, or something (some enormous amount of money), to the wine industry by streamlining the regulatory requirement for the labelling of bottled wine from South Australia, where we had required much more information than other states, and it was causing a nightmare to the industry. So, it highlighted a very easy piece of low-hanging fruit. The planning review obviously contributed quite a lot as well. I will obtain for the member a more considered answer on that.

**Mr GRIFFITHS:** Obviously, here you have detailed \$25 million of the \$170 million.

**The Hon. K.O. FOLEY:** Yes. Planning reform and red tape reduction in planning has contributed quite a bit of that, as I understand. However, I will have that clarified. I might try to get for the member the details of the review work that we have done into that. We had that audited by Deloitte. The Deloitte report is actually a published report, I am now told. I will get the member a copy of that.

**Mr GRIFFITHS:** The targets for this year talk about a further \$150 million from red tape reduction. What are the plans there?

**The Hon. K.O. FOLEY:** We had a meeting just recently with the Competitiveness Council, which has members of the Economic Development Board on it, and others, and we had a good discussion about where we think we can go after further savings. We will have new agency targets decided by the end of June this year, and a little bit later in the year we will have a consolidated piece of work undertaken as to where we think we can go after some big chunks of work, but I cannot advise at this point what they will be until we have done that work.

**Mr GRIFFITHS:** You can understand that the figure is very impressive until it has a qualification on it?

**The Hon. K.O. FOLEY:** Yes, I agree with that, and that is why we are getting external auditors, such as Deloitte, to keep us honest.

**Mr GRIFFITHS:** I refer to page 2.20. Can you advise how much was spent on departmental leadership programs in 2008-09?

**The Hon. K.O. FOLEY:** We spent \$101,261 on the Leadership Development Program. Of the 58 staff who commenced the course, 15 executive staff and 28 non-executive staff completed it, and, further, one executive and 14 non-executive staff commenced the course in 2008-09.

**Mr GRIFFITHS:** I presume that is with a variety of development opportunities. Was Carnegie Mellon one of those?

**The Hon. K.O. FOLEY:** Carnegie Mellon and Locher Human Resources. Carnegie does two days of programs on strategic and public policy development. Financial management, situational management (which is mentoring staff) and high performance management is done by Locher.

**Mr GRIFFITHS:** How much of the \$101,000 was the cost of the time devoted to Carnegie Mellon opportunities?

**The Hon. K.O. FOLEY:** \$16,000.

**Mr GRIFFITHS:** I refer to Budget Paper 3, page 2.9. There is a figure that I need some clarification on. It refers to asset sales by the Department of Trade and Economic Development. I note it is under 'expenditure and savings initiatives'. Can you clarify that for me? One is a negative, which I presume is—

**The Hon. K.O. FOLEY:** They are Defence SA asset sales—land sales, I would assume. Are you referring to the Osborne North Industrial Precinct and the Moorhouse Road Precinct?

**Mr GRIFFITHS:** It does not actually define that within the budget papers.

**The Hon. K.O. FOLEY:** Yes, it does, over the page. I am happy to bring that up when I have Mr Andrew Fletcher riding shotgun.

**Mr GRIFFITHS:** Going back to Budget Paper 4, Volume 1, page 2.21, grants and subsidies under the Small Business Growth Program are increasing from \$88,000 to \$1.4 million, for which I commend the government. Can you provide some level of detail of the area from which you believe these grants and subsidies will be expended?

**The Hon. K.O. FOLEY:** I am told it is the business enterprise centre payments, and it is a timing issue. The 2008-09 money is paid at 30 June in 2007-08, so we did not pay anything this year. We are just managing cash flows, so we give it to them on either 1 July or 30 June, whatever suits us.

**Mr GRIFFITHS:** I am looking for some details on DTED's ICT savings. The Budget and Finance Committee was told late last year that there were \$800,000 in ICT savings required of it. Were these, in fact, achieved?

**The Hon. K.O. FOLEY:** Yes. I am advised that I can give the answer 'yes'. This is a really difficult thing. You renegotiate a whole-of-government contract with your ICT provider, and that is a factor of one minus X on what it might have been in previous years. Then you have to decide what that figure is and apportion those savings across the agencies. Trying to get every agency head around a table to all agree what their share of the savings is would be like getting the United Nations to agree on a common agenda for the Arab-Israeli resolution. It is impossible.

This happens a few times across government. So, in Treasury, we work to the best of our ability to apportion what we think is a fair and reasonable distribution of those savings, and then I go into cabinet and bludgeon my cabinet colleagues into accepting those numbers. Then they go back to their agencies and the agencies whinge and complain and moan. I think that would be a reasonable representation of how it goes. Everyone thinks they have been treated unfairly—which is impossible, because the government gets a saving and we try to apportion it, but everyone thinks they are being hard done by.

**Mr GRIFFITHS:** From the smiles on the faces, it appears that everyone has enjoyed the experience.

**The Hon. K.O. FOLEY:** Yes, I have done it in a few areas—such as FTE reductions. I do not know how else you would do it. Government is not as collegiate as it may appear on the outside.

**Mr GRIFFITHS:** Are there indeed ICT savings requirements for 2009-10?

**The Hon. K.O. FOLEY:** My advice is that I do not believe that to be the case.

**Mr GRIFFITHS:** I refer to page 2.6. The targets of 2009-10 interest me, that is, establishing the business licensing franchise. Can you provide some more information on that?

**The Hon. K.O. FOLEY:** Ask Just Once, that is what we call it—the Ask Just Once Strategy. It is a single entry point strategy. Cabinet approved the strategy, and it is a whole of government strategy. It is to have a single point of entry and a common internet site across government. The Business in South Australia franchise is a program led by DTED.

It is responsible for consolidating business-related information and content from existing websites across all relevant government departments and agencies onto the common internet site for government. This will simplify and streamline government information services to business and deliver a range of benefits to business and governments, including reduction in time, effort and cost of doing business, with reduction in red tape and easily accessible information. It is a pretty common sense thing to do.

**Mr GRIFFITHS:** So, it is totally web-based.

**The Hon. K.O. FOLEY:** Bang—one entry point.

**Mr GRIFFITHS:** And it relates to the existing southaustralia.biz?

**The Hon. K.O. FOLEY:** Just Ask Once, just remember that. It will be SA Business, Just Ask Once. It does not say about whether we answer once; it says Just Ask Once.

**Mr GRIFFITHS:** I refer to page 2.16, and a question about exporters' clubs. How many of those are in South Australia, and what level of funding did they receive in 2008-09?

**The Hon. K.O. FOLEY:** The North West Adelaide and Onkaparinga exporters' clubs were established in 1996 and 2001 respectively to provide export advice services to small and medium sized enterprises through networking events, export workshops, business mentoring programs, seminars, export clusters and export assistance services.

We are providing \$35,000 per annum over three years, with the funding agreement ending in June 2010. Support is also provided by the Onkaparinga, Charles Sturt and Port Adelaide Enfield councils. The Onkaparinga club continues to foster a successful wine cluster and olive industry export cluster, based around companies in McLaren Vale, Onkaparinga and the Southern Fleurieu. They seem to do some good work.

**Mr GRIFFITHS:** I believe that there is also North West Adelaide.

**The Hon. K.O. FOLEY:** Yes; I said that at the beginning. North West Adelaide was set up in 1996; that is the Port Adelaide one.

**Mr GRIFFITHS:** Do they receive similar amounts of funding over the three year period?

**The Hon. K.O. FOLEY:** They receive \$35,000 each.

**Mr GRIFFITHS:** I refer to page 2.9: DTED's economic strategy and policy development program. The Economic Development Board will assist the program objective to create a clear strategic direction for the economic development of South Australia and a business environment that is competitive and supports development. What work has been done to support South Australian industry in obtaining state government contracts before interstate competitors?

**The Hon. K.O. FOLEY:** The job of the Industry Capability Network South Australia, with major projects, such as Olympic Dam, Prominent Hill and various projects and government projects, such as the various capital projects we are doing, has been very successful. It is a good outfit. It has facilitated over \$137 million of contracts to Australian suppliers, with over \$116 million of these going to South Australian companies. It works with local companies to ensure information and fair access, and it assists companies to get into the tender processes. So, it is a very good entity, and I recommend your getting a briefing on it.

**Mr GRIFFITHS:** Is a prequalification requirement expected of these people to get into tendering opportunities? How do they become part of the tendering opportunities?

**The Hon. K.O. FOLEY:** I guess it depends on what tender it is. If it is a government tender opportunity or a private sector opportunity, everything goes out into the market. I use this point: I was very disappointed when I saw the decision by the New South Wales government, where it said that it will mandate New South Wales companies to undertake government projects in New South Wales and give them a tolerance of up to 20 per cent. That is just plain dumb. That is the worst protectionism you get if states start doing stuff like that.

What the ICNC SA does is make sure that our industry is made aware of what projects are there, how they can get into tendering consortia and how they can deal directly either with the government or private sector entity involved and put some persuasive pressure on firms to use local companies. However, they cannot do that to the financial detriment of the state.

**Mr GRIFFITHS:** Certainly, your example of the New South Wales situation of a 20 per cent tolerance is an exceptionally high figure.

**The Hon. K.O. FOLEY:** Well, it is just downright protectionism.

**Mr GRIFFITHS:** In the consideration by the state government of contracts it lets, is there any tolerance level at all for South Australian firms?

**The Hon. K.O. FOLEY:** No, absolutely not.

**Mr GRIFFITHS:** It is raised purely on cost competitiveness.

**The Hon. K.O. FOLEY:** Absolutely. We have an interstate agreement on competition, which the New South Wales has clearly now ripped up. We do not show preference. The majority of the work of South Australian companies that are active in any construction field or whatever—such as Hansen Yuncken, for example—is done interstate. If we gave preferential treatment to SA contractors for our small economy, you would get retribution from other state governments, as New South Wales has done, they would start putting up a protective wall and our companies would be severely dampened. We are a state of free traders. We believe in free trade. You should not give preferences to local companies unless they are competitive pricewise.

**Mr GRIFFITHS:** I refer now to page 2.13 and the SA Private Equity Program. Does that replace the old Venture Capital Board?

**The Hon. K.O. FOLEY:** We still do private equity activities within the department but we do not have a funding program for it any more. We hold the Equity Forum every year, which I address. It is a day-long forum involving local, national and international speakers talking about venture capital, how to access it and the opportunities it provides.

**Mr GRIFFITHS:** So, the dollars themselves are not available, though? You facilitate investments.

**The Hon. K.O. FOLEY:** We have a budget line to run these programs but we are not putting a \$10 million program out there or anything like that like we did with Paragon. That was our first and only private endeavour in terms of putting money out into the market. That is going okay but I think we have done enough in that space.

**Mr GRIFFITHS:** But is the government facilitating private venture capital funding to be established?

**The Hon. K.O. FOLEY:** Yes, to the best extent we can, but not with government financial assistance to establish them.

**Mr GRIFFITHS:** No, but talking to the appropriate people to create funds to be available.

**The Hon. K.O. FOLEY:** Yes, absolutely.

**Mr GRIFFITHS:** I refer back to page 2.6 to the fifth dot point. I have a question in regard to the target for this year of developing and implementing industry development plans (IDPs) for the clean-tech, advanced manufacturing and wealth creating service sectors. Can you give me some information on that please on what that target encapsulates? What is involved in developing that and who are you talking to about it?

**The Hon. K.O. FOLEY:** DTED's strategic plan has identified four key industry sectors which the agency will focus on as a priority in the coming financial year: advanced manufacturing services, clean-tech, resource technology and services. You are asking specifically about clean-tech?

**Mr GRIFFITHS:** All of them, Treasurer.

**The Hon. K.O. FOLEY:** To drive this work the department has begun the development of industry development plans for each of those areas. The basis of the plans will be an evidence-based approach to analyse the challenges and opportunities facing each industry sector with the role for the government clearly identified. The plan will set out the department's actions, deliverables, milestones and responsibilities for each sector. Development of the IDPs is already underway and on track for the plans to be finalised by December 2009 with implementation to follow.

**Mr GRIFFITHS:** Treasurer, why were those specific areas chosen for this year?

**The Hon. K.O. FOLEY:** I think the department came to the view, and I respect their advice, that they are four key areas where we can get advantage and grow our industries. They have also been guided by the advice of the Economic Development Board.

**Mr GRIFFITHS:** Were industry development plans assisted in previous years?

**The Hon. K.O. FOLEY:** No; this is a new way we have gone about industry development.

**Mr GRIFFITHS:** I presume this extensive list of future priorities to look at doing things—

**The Hon. K.O. FOLEY:** Possibly, but if DTED is to provide a benefit to government and taxpayers, it has to use its resources to the best of its ability and trying to be a catchall to everyone is not a very good focus. What Brian and his team are now doing is sharply focusing where the agency can add serious value and identify the best opportunities.

**Mr GRIFFITHS:** Again, I refer to page 2.6 as it relates to small business. How long has the preparation of the small business statement been going for and when will it be released?

**The Hon. K.O. FOLEY:** It began in October last year and it will be released during Small Business Month in October 2009.

**Mr GRIFFITHS:** As an extension of that, is that \$5 million Small Business Development Fund a new initiative for the southern suburbs or is that part of the Mitsubishi money?

**The Hon. K.O. FOLEY:** It is part of the Mitsubishi money.

**Mr GRIFFITHS:** I have to ask a question about the Tonsley Park site and I recollect your answer last night about the \$35 million from the Mitsubishi payback being held by the LMC. When do you anticipate some form of resolution?

**The Hon. K.O. FOLEY:** We are totally in the hands of Mitsubishi. This has been a drawn-out process. They have been to tender once; they are now going out a second time. Their preference is to sell it as one large property and maximise the price. The time is pretty tough to do it. We put in an initial bid in the first round; we are now looking at partnering some people and making ourselves available as a joint venture partner. I suspect that, at some point, the government will come in with a developer and develop the site over time for industrial purposes. Mitsubishi would love us to give them permission to carve it up for housing but, as I said this morning on radio, we have such a limited amount of quality industrial land in Adelaide, therefore, these sites are far more valuable as industrial job-creating locations than housing.

**Mr GRIFFITHS:** So, Treasurer, the offer submitted by the government previously, which has obviously been rejected, was for the whole site?

**The Hon. K.O. FOLEY:** Yes; that is correct.

**Mr GRIFFITHS:** If there is a joint venture opportunity, will that still be focused on industrial development or do you see it as a mix of uses?

**The Hon. K.O. FOLEY:** I cannot rule anything out, but it will not be housing. Whether there is any commercial—when Brian was at TAFE, and Ray Garrard would be of the same view, there are some views about educational precincts there. We will have an open mind, but it will not be residential.

**Mr GRIFFITHS:** Do you have time frames in place for when you would like to have this resolved?

**The Hon. K.O. FOLEY:** We do; we would like it done as quickly as possible. We have the money waiting but we are really in the hands of Mitsubishi. It is their land, and they are taking a little longer than we would have expected, but that is understandable given the collapse in the global financial market.

**Mr GRIFFITHS:** It is an important issue for the southern area of Adelaide, that that resolution takes place.

**The Hon. K.O. FOLEY:** Absolutely.

**Mr GRIFFITHS:** All of us want to see some conclusion there. A little further down on the same page on targets for 2009-10, the dot point states, 'Lead the delivery of a major Clever Green Conference', which is to be held in Adelaide in February 2010. Can you provide me with some information on that?

**The Hon. K.O. FOLEY:** You will be too busy to worry about that conference in February next year, mate, you will be campaigning to knock us off. However, the Clever Green Conference is being designed to attract investment in the clean-tech sector to provide businesses and research institutions with an understanding of global trends, market opportunities and government policy to assist them to maximise their business opportunities.

The event will be held over 1½ days. The program will include national and international speakers, industry tours, panel discussions, industry showcases, a pitch to angel investors, plus the announcement of the winners of the Eco-tvc schools competition and the inaugural Clever Green Businesses to Watch awards. This is a cross-government initiative with funds provided by the Department for Environment and Heritage, Zero Waste SA, DTED, and private sponsorship will also be sought.

**Mr GRIFFITHS:** The last dot point on targets is to provide case management to strategic projects with a combined value in excess of \$2 billion. Are you able to flag what those projects are?

**The Hon. K.O. FOLEY:** Yes. Case management is a whole of government coordination service focused on facilitating the timely delivery of major private sector projects and maximising the economic benefit to the state. The Strategic Project Facilitation Unit is providing case management services to some 14 projects, representing in excess of \$3 billion in investment and 400 jobs. These projects include: the Wakefield Waters Marina development, the AGL Energy Park, Wave Rider Energy, Toprun and wave energy project, gas fired peaking plant, technical horticultural glasshouse development, Amcor's third glass furnace, Bradken's resource foundry

expansion, R.M. Williams relocation and expansion, Cavpower business expansion, Penrice long-term management of waste, Osmoflo office accommodation development and Spark Solar proposed solar cell manufacturing facility. We have also provided assistance to Kimberly-Clark and Nyrstar, and we are also doing it for Lang Walker's development at Buckland Park. That may not be DTED, but it is a case management project—PIRSA.

**Mr GRIFFITHS:** I think some of those are major projects, are they not, Treasurer, for planning consideration?

**The Hon. K.O. FOLEY:** I do not know. Some of them would be, yes. We are putting an officer on particular projects, again to ride shotgun and to cut through the myriad of obstacles in government to get things happening.

**Mr GRIFFITHS:** A very good move. Treasurer, I refer to 'Highlights 2008-09' on the same page. The question relates to the regional development infrastructure fund. I am not sure whether you will refer to that minister. I am interested in details of the specific funding that was provided in 2008-09.

**The Hon. K.O. FOLEY:** We will get that. We will provide that to you.

**Mr GRIFFITHS:** Continuing down that side of the page, what was the outcome of the careers promotion campaign for defence and mining?

**The Hon. K.O. FOLEY:** I am advised that programs involved in maths and science skills are aimed at year 9 and year 10 students, as well as their parents and teachers. It was an integrated marketing campaign designed to increase the number of school, university and VET students who choose pathways relevant to the forecasted needs of the defence and mineral sector. We are putting in a lot of work at that school base level to get the kids thinking about engineering, mining and defence and all of that stuff, instead of being lawyers and accountants.

**Mr GRIFFITHS:** I note also under the highlights for 2008-09 there was a contribution to the government's response to the green paper on the carbon pollution reduction scheme, leading to the establishment of a business sustainability alliance. You would have discussed with Nyrstar the concerns about that scheme. Can you outline what was included in the government's response?

**The Hon. K.O. FOLEY:** We have done quite a bit of work. The Premier has taken a particular interest in managing the government's response to the green paper, and work with Nyrstar in particular, and has taken up that issue directly with the Prime Minister and federal ministers. There was a whole of government submission on our response and the Premier is responsible for it. That was a question for yesterday, I am sorry.

**Mr GRIFFITHS:** I will now take the opportunity to read into *Hansard* the 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 2008-09 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 there will be at 30 June 2009, and for each surplus employee what is the title or classification of the employee and the total employment cost (TEC) of the employee?

4. In financial year 2008-09 for all departments and agencies reporting to the minister what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2009-10; and how much, indeed, was approved by cabinet?

5. (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 2009; and



- (ii) Between 30 June 2008 and 30 June 2009, will the minister list a job title and total employment cost of each position (with a total estimated cost of \$100,000 or more):
- (a) which has been abolished; and
  - (b) which has been created?

6. For the year 2008-09, 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 and the purpose of the grants, and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

7. 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:** Member for Goyder, I did notice yesterday that there was some negotiation with the Premier about the contracts being \$10,000 and over only, so the small contracts did not have to be reported.

**Mr GRIFFITHS:** If that negotiation occurred, I am quite happy to amend my request then, Madam Chair.

**The CHAIR:** The time having expired for the proposed payments for the Department of Trade and Economic Development, it is adjourned to 30 June.

*[Sitting suspended from 12:15 to 13:15]*

## **DEFENCE SA, \$84,234,000**

### **Departmental Advisers:**

Mr A. Fletcher, Chief Executive, Defence SA.

Ms K. McGloin, General Manager, Corporate Affairs, Defence SA.

Mr C. McSparran, General Manager, Finance, Defence SA.

Ms M. Curtis, Manager, Strategic Policy and Planning, Defence SA.

**The CHAIR:** I declare the proposed payment open for examination and refer members to the Budget Statement, in particular pages 2.9 to 2.11, and the Portfolio Statement, Volume 1, Part 2. Treasurer, you have some new advisers at the table?

**The Hon. K.O. FOLEY:** I do. To my left is Andrew Fletcher, Chief Executive Officer of Defence SA. To my right is Kelly McGloin, General Manager, Corporate Affairs, and second to my left is Chris McSparran, former Treasury official whom we put into the Defence SA unit to keep a close watch on the profligate spending of the agency—not really; they pay him more.

I am glad that Martin has joined us. I was getting worried earlier today. I thought you were either scared of me or not wanting to sit next to Vickie.

**Ms CHAPMAN:** I thought you were going to apologise.

**The Hon. K.O. FOLEY:** I am apologising. I am glad that you have arrived. We were wondering whether the tensions were now so great between you and your deputy that you were not wanting to sit together.

**The CHAIR:** Treasurer, do you have an opening statement?

**The Hon. K.O. FOLEY:** That was it, Madam Chair.

**The CHAIR:** Leader of the Opposition, do you have an opening statement?

**Mr HAMILTON-SMITH:** I am glad the Treasurer loves me and misses me. I cannot say I love him and I do not miss him much, but I can assure you that no-one on this side is scared of him, in fact we laugh about him on a regular basis. I do have a particular interest in defence, even though I am not the shadow minister for industry and trade.

I will just point something out that the Treasurer may have missed in his brilliance, that is, that the member for Goyder is the shadow minister for industry and trade. On the opposition benches defence falls within industry and trade. I know the government has taken the decision that the Treasurer will pick up defence issues, and you have industry and trade, but you have also picked up the Clipsal, which was formerly with tourism.

**The Hon. K.O. FOLEY:** What is your point?

**Mr HAMILTON-SMITH:** My point is that the shadow minister for the area we are dealing with today is the member for Goyder. I do want to ask some questions, but, you know what, I might leave the committee halfway through and leave it to the erstwhile member for Goyder, because that is his portfolio responsibility and he is handling it very well.

I will make some opening remarks along the lines, first, of commending the government, because I think that this portfolio area is an area where the government has taken the work of the former government and added value to it, and I commend it for that. As you know, minister, it goes right back to the original attraction of the ASC to Adelaide, which is a credit to the Bannon government. It goes back further to Playford with DSTO, but successive governments over time have seen enormous value in defence and have built on it. Enormous good work has been done and, as I said, to its credit this government has continued that good work, and I think that is a great thing.

I commend Mr Fletcher for the fantastic work he has done down at Techport and the ASC. The opposition would particularly like to thank him and his staff for hosting a visit recently of a number of opposition MPs and staff, which we found most informative. Defence investment generally enjoys full bipartisan support, and we in opposition follow it with interest and happily support most of the initiatives that have been put forward.

We do note that there were some initial issues with Techport, involving its costing, but now that it has been rescoped and the budget doubled it is making headway. My first question flies from today's news and it relates, really, to 'highlights' on page 2.32 of Budget Paper 4, Volume 1. As the committee would be aware, 65 white and blue collar workers at the ASC have been sacked today, and I think that 35 others have been moved from the submarine operation to the air warfare destroyer project. Could the Treasurer advise the committee of any plans the government may have for retraining or reemployment of those sacked workers?

**The Hon. K.O. FOLEY:** The situation with the Australian Submarine Corporation (ASC) through the life of the submarine project is that the ASC has adjusted its workforce from the build into a workforce to sustain the through-life support of the Collins class submarines. My advice is that, particularly with a change of management, a change of board and a requirement from the federal government for the defence sector to be more efficient, the federal government expects the ASC to undertake the through-life support more efficiently than it has been doing in the past. It needs to drive down its costs to ensure that the commonwealth gets good value for money. That happens in these types of large projects.

We are disappointed that there are some losses. This is not an uncommon event with the ASC as it adjusts its workforce. A number can get work with the ship build program. Unfortunately, though, the ship build program is not yet at such an advanced stage that it could soak up the balance. I would be hopeful that we will not be doing anything specifically as a government other than ensuring that those workers are made aware of the opportunities that exist in other defence-related companies.

This is, I guess, a sign of the times that, whilst it is a publicly owned, commonwealth government entity, the ASC is required to operate as a company would if it was privately owned or publicly listed, and it is required to drive efficiency to ensure that it remains competitive. That is important from the ASC perspective because it will not be given the contract for the \$35 billion replacement submarine project simply off the shelf: it will have to demonstrate to the commonwealth that it can deliver both design and construction capability in a cost effective manner. It is unfortunate, but it is not inconsistent with the adjusting of the workforce that the defence sector obviously does as it goes from contract to contract.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Portfolio Statement 1, page 2.32. Targets include hosting the Defence Industry 2009 Conference which starts shortly. As we know, governments have had some success over the past 15 years attracting these conferences, some of which have been successful, and some have had to be cancelled or postponed for one reason or another. What is the view of the government on the capacity of Adelaide to continue to attract such

defence industry conferences and events given the increasing demands for convention space and the limitations of the Convention Centre?

**The Hon. K.O. FOLEY:** We are very fortunate to get the Defence and Industry Conference and Trade Exhibition 2009—the second year we have had it in Adelaide. The first time this event was held outside Canberra was in 2007 and it was highly successful here. I am advised that we are contributing \$555,000. Obviously, the centre of attention for the defence sector will be here in Adelaide from next week.

We get exclusive support sponsor status for the event, two adjoining expo stands—Defence State and Techport Australia—targeted meetings with relevant national and international companies, military and government officials, VIP functions involving Defence State ambassadors, the Governor, the Premier, the Deputy Premier and advisory board members of Defence SA, various social events to promote networks, local industry participation in the Defence State stand, site tours, associated marketing and public relations activities. It will be attended by both the new federal Minister for Defence (Hon. John Faulkner) and the new Minister for Defence Personnel, Materiel and Science (Hon. Greg Combet), who will be a great minister; he previously had the role as parliamentary secretary.

Its great significance is having a national and international focus on South Australia, which enables us to get the majority of the Defence Force chiefs, including Angus Houston, here. We will be taking a number of these senior people to Techport, as we have been doing progressively over time with visiting people. The Deputy Commander of the Third Fleet from the US Navy was with us only last week. A rolling series of international and national senior military people are absolutely excited and complimentary about what we are doing at Techport.

This conference will release what is called the Defence Capability Plan, which is the follow-up document to the release of the national government's defence White Paper. The defence White Paper, essentially, is a blueprint for what are the defence challenges we face and what are the necessary armaments and capability we need going forward. The capability plan essentially maps out how and when these programs will be acquired by the commonwealth.

I thanked the leader earlier for his compliments, and I will not make any churlish remarks about what happened during the Liberals' years, but I do know that we now have not only the three air warfare destroyers and through-life support for the submarines but also 12 new boats to be built worth \$35 billion. They will be probably 1.5 times the current size of the Collins, and they will be armed with tomahawk or cruise missile capability. They will be a more sophisticated platform that has serious strategic value and strike capability.

It will be an outstanding platform. We are getting the construction and one would hope we get through-life support. That project alone means that Adelaide is now the centre for naval consolidation and, with the various participants, we will be at Techport aggressively trying to win replacement for the Anzac, which I think is a further eight frigates.

I think what you will see is that, while module fabrication might be done in other parts of Australia—that is unavoidable and probably appropriate—the final consolidation will be at Techport. Andrew and his team are building an enormous capability for advanced electronic defence systems, weaponry and systems integration—and who knows what else they do in these businesses. It is a world-class asset and something that will serve this state exceptionally well into the future.

Getting this conference and the heavy hitters into Adelaide—which are already beating a path into Adelaide—is good recognition that we are so far ahead of the other states when it comes to defence that it's not funny, and we want to keep that advantage.

**Mr HAMILTON-SMITH:** I move to Budget Paper 3, page 7.12: Common User Facility. The opposition, although having identified risks associated with this proposal, has supported it from the outset, noting that it is a big investment and one that depends on the attraction of other users to the site for its financial viability. Can the minister tell the committee how the prospects are looking in regard to attracting other major users to the facility? We have the ASC and the projects you just mentioned, but what are the prospects of attracting another major builder?

**The Hon. K.O. FOLEY:** From the outset I would like to say that we are having a constructive conversation, so I do not want to be critical, but the provision of the ship lift common user facility was not dependent upon other users. The commonwealth government made it a requirement that if a state was to bid, to be in the hunt it had to provide a ship lift. The decision recommended by the then head of our agency, now Governor Kevin Scarce, was that instead of

giving this wholly to the ASC for its use, we could consider it as a common user facility with priority access, and an agreed regime of access and costings, for the ASC. So, the ASC gets what it wants but it also gives us an opportunity. It is not an absolute, it is not even necessarily a high probability, but it gives us an opportunity to have another shipbuilder or consolidator of shipbuilding activity, other than the ASC, on that site.

That may or may not occur, and I will go into some of the options and possibilities that we have in that area. We have 30 hectares immediately next to the site, and we have already sold four properties to various engineering companies and are talking to a whole raft of other companies that want to be in the precinct. They may or may not have use of that ship lift. There are other uses for that ship lift, in terms of large fabrication, large construction, the offshore oil industry, and the mining sector. Equally, we do not yet know how the shipbuilding jigsaw in Australia will finally come together, and by that I mean that there will not be enough production of vessels to sustain the current number of shipyards. We have an opportunity, should the situation arise, where we could relocate to Techport other shipbuilding operations around Australia; they could easily be on the other side or at the back end.

We have been asked by the commonwealth to provide a memorandum of understanding to make available, should it be necessary, a large parcel of land contiguous with the ship lift for a potential competitive bidder for the submarine project. So, it is quite possible. I assume the commonwealth will want a competitive process for the submarines and, should a competitive process mean that the ASC does not get the contract to build the next generation of submarines, a site adjacent to our site, where they could use the ship lift, would be made available.

My long-term vision would be that, hopefully, we would have at least one submarine builder there—potentially two—but it is not beyond reason that we will have another major shipbuilder. They may be operating in Victoria, Western Australia or New South Wales, where it just makes common sense to locate next to the common user facility, which is the point of final consolidation.

We have spent more money than we would necessarily have spent had we simply given it to the ASC, because we have put in extra wharfage and extra capability to transfer and store other vessels whilst vessels are working on the major lift itself, but it gives us enormous capability.

**Mr HAMILTON-SMITH:** What is the government's latest information about the future of shipbuilding operations in Williamstown in Victoria?

**The Hon. K.O. FOLEY:** I guess that is where I was going with that. BAE now owns that. Both publicly and privately it has said that it is quite satisfied with the asset; it is performing the task that it wants. We have pitched to BAE and the previous owner, Tenex, that locating that site at Techport at Osborne would seem to be a very sensible thing to do at some point, if it becomes financially attractive to so.

**Mr HAMILTON-SMITH:** I gather that the ownership and legal arrangements are such that the government has retained full flexibility to demand of ASC that the common user facility be made available to other users?

**The Hon. K.O. FOLEY:** We will have an access arrangement regime, and there will be priority access for the air warfare destroyers if we get other programs there. We will be managing this as a business and they will have to make arrangements and negotiate as to who gets access when. That is why we have a facility to take a ship off and to have one on the ship lift. We also have the capability, should it ever be needed, to take its capacity from 9,000 to 22,000 tonnes without a lot of effort, believe it or not—just a lot of money. If, ultimately, bigger ships are to be built and future replacements or work is to be done on the LHD (the big transport mini-aircraft carriers that we are purchasing), we will have that capability—at a cost.

**Mr HAMILTON-SMITH:** Page 7.12 of Budget Paper 3 also talks about the agreement between the state and the commonwealth indemnifying the commonwealth from any third party losses or damages arising from a failure by the state to complete the CUF in accordance with the agreed design and schedule. What is the state's exposure if the project runs over time and is there any extra cost for each additional month the project runs over?

**The Hon. K.O. FOLEY:** We do not believe that we are exposed on delayed delivery, but we will check that and come back. We have a capped liability of \$320 million on consequential events, which goes both ways: the commonwealth to us and us to the commonwealth. An example would be that, if the ship lift failed and a ship fell over, or whatever, we have capped liability to \$320 million if the event was deemed to have been the fault of the state in its construction. I guess

we would be in a pretty strong position with our contractors—the people who built it—in terms of ensuring that we have protected the state's interest.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 1, page 2.32, which deals with the relocation of 7RAR, the Mechanised Battalion. What support is Defence SA providing to that move and can you update us on the move? I am particularly interested in housing, school and employment related issues for spouses and families.

**The Hon. K.O. FOLEY:** Just before we leave the topic of the ship lift, can I say that one of the visions we have that I am particularly keen to promote (and Andrew and I will be visiting senior US defence officials later this year) is that, once Techport is fully operational and we are building the air warfare destroyers, those vessels will be equipped with the Aegis weapon system and a radar system and various components—sonar, and so on.

We will have a very large and highly sophisticated presence of companies like Lockheed Martin, Raytheon, BAE obviously, and a myriad of other contractors and potential major US primes. We will offer the United States government a unique capability in that it will have an incredibly trustworthy and loyal ally, which it has full confidence in and with which it shares technology to an extent it does with no other, even (in some cases) the United Kingdom, for its vessels operating in Asian waters. I am told there is a large number of them.

It would be cost effective for these vessels to have at least some routine maintenance and some high-level maintenance (not through life support; I guess that is probably a bridge too far at this stage) in a friendly, safe and secure facility which they can steam to and have work done without necessarily going back to Pearl Harbor, San Diego or Newport Rhode Island—or wherever it is they go to get that work done. Hopefully, in years to come, we will see a lot of activity at that site which is not just the Australian Navy; it may well be the US Navy and other allies that use similar equipment. Companies like Navantia are setting up and looking for business around Asia. Other companies, like Ultra Electronics which has the sonar contracts, are very much focused on exporting their technology to friendly allies in the Asia-Pacific region; Kinetic is another one that is very keen; and Indra (from Spain) is coming out and looking at the same thing.

In Adelaide recently it has been quite extraordinary—I have been around this business for a long time now but I have never seen as many senior people coming into this state as we have seen in the past 12 months. We had the worldwide heads of Raytheon visit us. You are lucky if you can get these people for an hour but they spent nearly a full day here. We hosted the CEO and his wife to dinner at Government House. The CEO of Lockheed Martin was here for half a day, which is a lot of time out of his schedule. We had the head of L3 Communications, one of the largest American defence contractors; the head of BAE Systems visited on a number of occasions; the head of ITT (and, to be honest, a year ago I had not heard of it but it is a \$6 billion US electronics company); and there have been others. There are also quite a few others coming in over the next week. These people are (a) coming to Australia and (b) realising that Adelaide is where they really need to have their capability. It is an incredibly exciting time. There are a lot of companies, like Lockheed Martin, which have a very large civil contract here looking after the railways, scheduling freight trains around Australia, and that is done out of Adelaide.

A significant project which we have been working on now for many years is 7RAR. Retired General Peter Leahy, now a member of our advisory board, was particularly keen about Adelaide—and you would appreciate this, Martin—because Darwin only had a certain capacity for the number of troops that it could integrate into the community and provide with all the amenities that a family could want. So, there were lifestyle and operational reasons why Adelaide looked so good, particularly with the train line. We have been working on that for many years. We have been given the green light on that. It is a \$600 million capital expenditure to be completed late in 2010 which will give us a superb base. The relocation is part of the Hardened and Networked Army initiatives.

Twelve hundred personnel, together with their families, will relocate to Adelaide early in 2011. Defence SA, together with the Army and the cities of Playford and Salisbury, have engaged the National Institute of Labour Studies to assess the impacts on economic activity and services resulting from the relocation of the regiment. The study indicated it will increase the state's population by at least 1,900 people; increase gross state product in excess of \$100 million per annum; increase GRP (I have never seen that before—I guess that is gross regional product) for Gawler, Playford and Salisbury in excess of \$75 million per annum; and increase the state's employment in excess of 1,600 up and above, once a steady state of deployment has been reached. The increase in regional employment will be in excess of 1,300 once a steady state of deployment has been reached.

The amount of activity now in the northern suburbs in housing and industrial development, infrastructure-wise, is quite extraordinary. We have not provided any financial contribution. We are having discussions with the commonwealth about a number of issues. We are yet to say whether we will get sign-off on that but, again, as a former military man, you would probably appreciate this more than anyone.

We are kicking around some of these ideas (and it is something I would probably want to take up at the national level) about harmonising some of the government fees and charges where an officer or soldier is relocating a number of times through their career—for example, for a driver's licence, or whatever, they might not necessarily be paying different rates. That is a difficult one, and I have not said I will entertain it yet, because then you have to argue about the difference between a Defence Force employee and a normal person who transfers around a lot. But there are things we are looking at.

**Mr HAMILTON-SMITH:** In relation to housing, could you elaborate a bit? Is it envisaged that the private rental market largely will cater for the needs of housing families, is there an on-base component to be built, or is there defence housing investment planned in particular pockets around the location? How will you cope with that?

**The Hon. K.O. FOLEY:** It is a cocktail of all three. I am advised that approximately 200 living units will be built on base. We believe that the Defence Housing Authority will be purchasing or building up to 700 of its own stock. As Andrew points out, with the cost of finance so cheap now, a lot of people will look at buying their own homes or renting in the private market. It has spurred on a lot of housing activity and, certainly, in my discussions with Lang Walker and the work he is looking at doing at Buckland Park, creating a 10,000-dwelling city out there, that is largely around what defence will do.

What I am hopeful about—again, as we have done with the Techport development—is that, ultimately, the argument for the commonwealth (Army, at least) to put more units and capabilities into South Australia will be an overwhelming and very compelling one. The member is right that lifestyle and amenity will be a major attraction. We will have modern shopping centres and modern schools. The new Playford North super school, the PPP school, is vitally important. We will have job opportunity for spouses, good schools for kids, good social amenities and sporting clubs, and new housing estates will be springing up around the area. We will have our transport-oriented development zones and rapid rail into the city. The northern suburbs will be an ideal location, and will have a lot of capacity to take more and more units of the armed forces over time.

Then throw in the rail link to Darwin. We can take the tanks to and from Darwin. We have Cultana, which is expanding. I have not been there myself, yet: I must do that one day. It is a brilliant training facility and a great asset to the state. It all sends the message that the army can only really expand in South Australia, and that is largely why we have asked General Peter Leahy to join us because, when Peter was in the Armed Forces, he was a strong supporter of readjusting the deployment of our troops around the nation, and we have General Peter Cosgrove, of course. Not to mention, it is not just an army base out at Edinburgh: it is a major air force base that currently houses our 24 P-3 Orions. The replacement Air 7000 aircraft will go into there (whatever shape that contract finally takes) and unmanned aerial vehicles will operate out of that base. It really is an exciting development for our state.

**Mr HAMILTON-SMITH:** I will just hand over to the shadow minister responsible for this area, Madam Chair.

**Mr GRIFFITHS:** Can you confirm how often the Defence SA Advisory Board meets?

**The Hon. K.O. FOLEY:** We are working pretty hard actually for a bunch of diggers. I meant that as a joke because they are not all diggers. Some are them are sailors—they would be very offended—and airmen. The board meets six times a year formally. There are a number of subcommittees, and we work the subcommittees very hard. They do a lot of work for us. All board members are available as instantly as is practical in terms of any advice Andrew needs as a sounding board for Andrew and his team.

For example, we have had a number of our board members who are particularly skilled in the submarine space and ship space, such as Admiral Shackleton, who has been with us since day one doing specific work and getting advice for us and allowing us to have some of the best intelligence, not from within, but observing. It also gives us a real opportunity to feed into the commonwealth government.

We have had Greg Combet in Defence SA's office for an hour or two with the board. Andrew has a very professional and good relationship with the head of the Defence Materiel Organisation, Steve Gumley, who is arguably running the largest business in Australia. It is an outstanding group of individuals who work more than just six board meetings a year, and they will all be here next week.

**Mr GRIFFITHS:** Are the minutes of those meetings available or are they secure?

**The Hon. K.O. FOLEY:** I would hope not! I am advised that, apparently, we release them unless they are commercial-in-confidence. I only said that because some of the conversations get very interesting. No; apparently we already do.

**Mr GRIFFITHS:** I just want to clarify a point that we raised briefly in the previous session within Defence SA and asset sales. Two areas have been identified for future revenue from sales but, referring to page 2.9 of Budget Paper 3, I just need some clarification on the figures shown in table 2.4. It shows, I think, an expenditure in '10-11 but then revenues in '11-12 and in '12-13.

**The Hon. K.O. FOLEY:** That is the Moorhouse Road precinct and Osborne North. We are spending money to bring the land up to industrial capability status, subdividing it, filling it, putting in gutters and drainage and subdividing it as a proper subdivision and then selling it. So you have an outlay going in to upgrade this facility and then we sell the land.

**Mr GRIFFITHS:** But you don't expect first sales to be for two years at least?

**The Hon. K.O. FOLEY:** No; we've got four away already. It is in stages, and we will bring it onto the market in stages. This is not stuff you can sell in one hit; you have to stage it.

#### **Membership:**

Mr Goldsworthy substituted for Mr Hamilton-Smith.

**Mr GRIFFITHS:** Treasurer, just to clarify that, so even though for the '10-11 financial year it shows an expenditure, there will be revenues in that time also, but it is a greater level of expenditure than revenue, is it?

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

**Mr GRIFFITHS:** That is on page 2.9 of Budget Paper 3.

**The Hon. K.O. FOLEY:** I am advised that it is a revision of the timing of sales for land on Moorhouse Road from what was previously in the budget. A lot of this is timing in terms of when you get this stuff away. In relation to the net present value of the sale value of the land, we make a profit on it.

**Mr GRIFFITHS:** How many lots will be created as part of these staged developments?

**The Hon. K.O. FOLEY:** We are happy to provide that for you on what we are currently doing at Techport, but some of the future stuff at Moorhouse Road, etc. has not been decided yet.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 1, page 2.40: Workforce Development. In previous investigations between, you, I and DTED, we talked about the need to ensure that South Australia's workforce requirements are met in the future. I note that there is no budget line for this financial year, so has that project been wound up? I note that two programs resulted from it, but will they be continuing in any way, even though there are no dollars in the budget?

**The Hon. K.O. FOLEY:** What we are doing now is that we have a number of entities. We have the Defence Teaming Centre, which promotes defence industry skills and needs to relevant government agencies. Companies are talking regularly to our universities and our vocational training colleges to ensure that we are getting a course curriculum in play and the right product in terms of what we are teaching. I think all universities have picked that up.

Of course, we have the purpose-built Maritime Skills Centre, which is now operational and which is delivering trade, technical and professional skills required for the AWD project. It is also a centre used by third parties, where capacity permits. That is a government provided facility. The commonwealth government has put \$11.9 million into the Advanced Technology Schools Pathway program, a professional doctorate program in systems engineering in late 2008 and various other bits and pieces. Defence SA has migrated back to departments, such as DFEEST, the programs we started, so they are now taken on as their core business.

**Mr GRIFFITHS:** Has Defence SA done the work on projected future staffing needs for all activities?

**The Hon. K.O. FOLEY:** I would not have thought so.

**Mr GRIFFITHS:** That is a workforce development role within DFEEST, is it?

**The Hon. K.O. FOLEY:** I am advised that we are nearing the completion of some work that will give us some models to enable us to forecast with some degree of accuracy what we are going to need; whether that becomes something we use, or whether we provide that information to the government agencies whose job it is to deliver theme, I am not certain.

**Mr GRIFFITHS:** I refer to page 2.32, and I have a question on one of the targets, managing the ongoing maintenance programs for Defence SA land on Lefevre Peninsula and in Port Adelaide to ensure a safe, healthy and clean environment. Is there any contaminated land there that is prevented from being developed?

**The Hon. K.O. FOLEY:** Certainly, there will be contaminated land, although I am advised that it is actually not too bad. However, there are pockets of badly polluted land which, before we can do anything with them, need a remediation plan and work through them. However, they are not large in terms of the total land we are developing.

**Mr GRIFFITHS:** Given the history of the site, that is somewhat understandable.

**The Hon. K.O. FOLEY:** Yes.

**Mr GRIFFITHS:** I have a question about Cultana, which you referred to previously. I know that Land Services is doing survey work there, but what is intended to occur at Cultana?

**The Hon. K.O. FOLEY:** It is a training facility for the armed forces and also for foreign allied armies. It is being expanded from 500 square kilometres to 2,500 square kilometres. We are having an MOU whereby defence acquires the affected pastoral leases, the leases are surrendered to the state and the state issues a miscellaneous lease for defence purposes. The MLDP contains provisions for managing access to the training area by mining companies.

While being an important supporting facility for 7RAR when it relocates to Edinburgh, the expanded training area will also be an important supporting facility for Darwin's 1<sup>st</sup> Brigade and joint forces operational exercises. Negotiations have commenced with respect to the MLDP, with finalisation currently expected in the fourth quarter of 2009.

The city of Whyalla—and we have to be upfront about this—has expressed some concerns in terms of what the community will lose out of this, but we believe that the community benefits in terms of activity will far exceed any community losses. This has a large area of water frontage or gulf frontage. Now I am probably really talking outside of my pay grade, but the topography of the area—the landscape and all of that—is very similar to areas where our forces operate globally. You can have beach landings and you can have some real terrain-familiar exercises in terms of where we operate in the Middle East.

**Mr GRIFFITHS:** So, is the funding towards those works all from the state?

**The Hon. K.O. FOLEY:** No, it is commonwealth.

**Mr GRIFFITHS:** Do you have any idea of the value of those works?

**The Hon. K.O. FOLEY:** No, sorry.

**Mr GRIFFITHS:** I understand. I refer again to page 2.32. I note that Defence SA has previously participated in the Avalon Airshow.

**The Hon. K.O. FOLEY:** Yes.

**Mr GRIFFITHS:** Are we continuing to do that?

**The Hon. K.O. FOLEY:** Yes, we are.

**Mr GRIFFITHS:** Can you confirm what the cost of that contribution is per year?

**The Hon. K.O. FOLEY:** Well, it is every two years. It was \$350,000 last year but, again, that gave us a significant physical presence with a key platform for trade exhibitions. We take companies along with us. It is part of our networking. The Premier will be going overseas in a month or two, partly on defence, and I will be going overseas in the latter part of September, I think,



on a defence mission. We have established a very good quality network of contacts with senior decision-makers.

Having been a ministerial adviser and an MP and a minister for 22 or 23 years, I have never experienced the consistency in terms of the high-level appointments and contacts that we have developed through this defence area, because that is the level of interest that the heads of these defence companies take. They involve themselves in some really significant decisions on where they locate their operations globally and, as many people would know, American companies are not necessarily the first to want to move overseas. They are very cautious about their offshore investments and the placement of their assets. This has become extremely important. It is at shows like Avalon where the heads of these companies come out. These shows give us a chance to reacquaint ourselves with a lot of people and have a lot of business meetings.

**Mr GRIFFITHS:** I refer again to the same page. Obviously, the marketing of South Australia as a defence capable state is being pushed by the government. What was the budget for that in 2008-09? Do you have a specific line for marketing of the state in this area?

**The Hon. K.O. FOLEY:** In defence?

**Mr GRIFFITHS:** Yes.

**The Hon. K.O. FOLEY:** \$796,000 was used in 2008-09 on the defence state campaign.

**Mr GRIFFITHS:** And that is continuing in the future?

**The Hon. K.O. FOLEY:** Yes, but at a smaller number—\$485,000. This money is designed to increase the awareness of the breadth and depth of the state's defence credentials; demonstrate the government's unparalleled resolute commitment to defence; demonstrate the state's track record; and further differentiate South Australia from competing jurisdictions through scope, consistency and strength of message. But it is aimed at the industry and the federal government. We have VIP events and minor events; we do sponsorships. We upgrade our collateral photography, etc. As to print and online media, website and PR, a lot of that is out of state.

**Mr GRIFFITHS:** I refer to Budget Paper 2, 4.12, page 2.37. On grants and subsidies, I see that in 2008-09 \$2 million was the estimated result—and there was no budget allocation for it. Could you provide me some details on that? The estimate for the 2009-10 budget is nearly \$7 million. Could I have some information on that also?

**The Hon. K.O. FOLEY:** The answer to that is that it is involved in what we call the commercial campus or the systems centre. We were required originally to provide a centre at government cost of some \$32 million; I am told it could have been closer to \$40 million. In the end, we put it out to the private sector to build. George Kambitsis and Simon Chappel in a consortium called Prime Space Projects won that project.

As part of the deal, we provided \$2 million in the year that it is scheduled there to ASC to subsidise their rental, which was part of the agreement; then a further \$10 million will be split over two years, which is the fit-out cost for the project for furniture and equipment. Instead of the commitment that we had previously given to build a facility, we have put it out to the private sector. We have assisted the ASC with the leasing arrangements and we are just fitting out the building. It was a cheaper option for us than what we had originally agreed to.

**Mr GRIFFITHS:** As to the financial commitment as part of the leasing arrangement, is that ongoing?

**The Hon. K.O. FOLEY:** It is a 10-year period.

**Mr GRIFFITHS:** What value is it per year?

**The Hon. K.O. FOLEY:** I am advised it is a net average of \$1.5 million per year.

**Mr GRIFFITHS:** With the agreement, therefore, terminating in 2018 or something like that.

**The Hon. K.O. FOLEY:** Yes; we would expect it to roll over.

**Mr GRIFFITHS:** Treasurer, I am looking for a bit of information on the same page (2.37) in relation to the sale of goods and services as part of the defence precincts. No income was received in 2008-09, even though some was budgeted, so could you provide me with a reason why that income was not received?

**The Hon. K.O. FOLEY:** We will be receiving \$500,000 of income as rental payment from the ASC. We have had a slight delay in delivery of the project which has meant some other income that we expected to get from the ASC has been deferred or delayed.

**Mr GRIFFITHS:** And the projected income this year of a bit over \$3 million?

**The Hon. K.O. FOLEY:** Of that, \$2.5 million is the annual rent that the ASC pays us for access to the CUF. They start paying that.

**Mr GRIFFITHS:** And that will be ongoing?

**The Hon. K.O. FOLEY:** Yes.

**Mr GRIFFITHS:** For an indefinite period?

**The Hon. K.O. FOLEY:** For the life of the AWD project.

**Mr GRIFFITHS:** As a final question, I note that an additional 10.6 full-time equivalent positions were created in Defence SA in '08-09. Can I have some information about the types of roles those people are performing?

**The Hon. K.O. FOLEY:** Yes, we will come back to the committee on that.

**The CHAIR:** There being no further questions, I declare the examination of the proposed payments for Defence SA to be completed. Thank you committee, thank you advisers.

## **DEPARTMENT FOR CORRECTIONAL SERVICES, \$179, 865,000**

### **Membership:**

Mr Pederick substituted for Ms Chapman.

Mr Williams substituted for Mr Griffiths.

### **Witness:**

Hon. A. Koutsantonis, Minister for Correctional Services, Minister for Gambling, Minister for Youth, Minister for Volunteers, Minister Assisting the Minister for Multicultural Affairs.

### **Departmental Advisers:**

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

Ms S. Lees, Director, Finance and Asset Services, Department for Correctional Services.

Ms K. Flannery, Executive Services Officer, Department for Correctional Services.

Ms M. Hackett, Ministerial Adviser.

**The CHAIR:** I declare the proposed payments open for examination and refer members to Portfolio Statement, Volume 2, Part 7. Minister, would you like to start with a short statement?

**The Hon. A. KOUTSANTONIS:** Thank you, Madam Chair. The year 2009-10 presents new challenges and opportunities for the Department for Correctional Services. As members are aware, with this budget the government cancelled the proposed new prisons and other facilities at Mobilong and Cavan—much to the disappointment of the member for Hammond.

It was not an easy decision. To go ahead with such an expensive project at a time when the economies of the state, the nation and the world are amid incredible financial pressure would have been extremely irresponsible. To push on would have placed in jeopardy other priorities that are vital to the future needs of South Australians. Nevertheless, I am deeply disappointed that the project will not go ahead. Staff of the Department for Correctional Services worked assiduously to develop the plans for the new prisons, and I thank them for their hard work.

The cancellation of the project does not in any way mean that we will stop implementing an agenda of change and improvement in this state's prisons. This government remains firmly committed to providing services and suitable accommodation for the increasing prisoner population. What that means is that we will be reaching our objectives in a different and smarter way.

Since 2006-07, and up until 2011-12, this government has provided funding to increase the prison system by over 600 new beds. Funding of \$37 million has been allocated over the next three years for the Department for Correctional Services to provide a further 232 low and medium security beds—36 beds at Port Lincoln, 80 beds at Port Augusta and 116 beds at Mount Gambier.

This government has also allocated a further \$50 million for essential works at existing facilities for the three agencies affected by the cancellation of the prisons and secure facilities project. This funding will allow the agencies to sustain and upgrade existing infrastructure. I am satisfied that these steps will meet the immediate and medium-term needs of the correctional system.

In addition to the new prisoner accommodation that will be provided as part of this year's budget, I am pleased to announce that funding has also been allocated to establish a new community corrections centre in Gawler. This will service clients who live outside the northern metropolitan area of Adelaide, in places such as Gawler, the Barossa Valley, the Mid-North, Yorke Peninsula, Two Wells and Virginia.

This will not only provide much needed relief for the Elizabeth office but also offer opportunities for increased community service work in the Gawler community, as part of our Repay SA community service initiative. I am sure members have seen our people out there in what I think are purple vests, which display the words 'Repay SA'. It is an excellent program.

I am advised that the department's Director of Community Corrections has already met with the Gawler mayor to discuss and plan these projects. Members will also note that funding has been provided to replace the community corrections office at Noarlunga to meet the needs of an increasing offender population.

Another highlight is the allocation of \$2.4 million over the next four years to enable the more extensive and effective use of videoconferencing between prisons and courts. Videoconferencing reduces the costs and risks associated with transporting prisoners and provides swifter justice. Streamlining the interaction between courts and prisons is essential to maintaining a safe, just and efficient justice system.

Over the years, the department has been reviewing the management of prisoners. An Offender Development Directorate has been established to improve the management of prisoners, especially those who have been sentenced for serious crimes. The directorate is delivering assessment and rehabilitation services across all prisons and community corrections centres. The 2009 budget for the Department for Correctional Services is a budget forged through tough economic times, but it allows for the advancement of this government's strong law and order record and the continued safety and security of all South Australians.

I further announce that as of today Operation Edna was undertaken at the Cadell Training Centre. I would have thought that maybe 'Shock and Awe', 'Desert Storm' or 'Swift Justice' would have been appropriate, but 'Edna' is just as deadly a term. The operation involved a total lockdown of the institution. Searches were conducted on all prisoners, their property and accommodation areas.

This significant operation involved the collaboration of staff from several departments as follows: 27 members of the department's Emergency Response Group (ERG) from Yatala, the Remand Centre, Mobilong and Port Augusta prisons; six staff from the Operational Security Unit, including passive alert dogs as well as general purpose dogs to search the common areas; four members of Police Corrections; two customs officers with X-ray machines and all television equipment in the centre; and six staff from the department's Intelligence and Investigations Unit.

The operation uncovered various prohibited items, including a mobile phone and tattooing equipment. Four prisoners suspected of drug involvement at Cadell were transferred to Yatala Labour Prison. Above all, the operation reminds prisoners that if they do things they will be detected, and there will be repercussions. Operation Edna was a great success.

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

**Mr WILLIAMS:** No, ma'am. I refer the minister to Budget Paper 4, Volume 2, page 7.6. I will talk about the investing payments summary. The proposed PPP new prisons and secure facilities project is listed in the budget at \$4.198 million for 2008-09 and \$1.855 million for land purchases during the financial year 2008-09. How much of these budgeted figures has been spent during the 2008-09 period and what has been the total expenditure to date on this project?

**The Hon. A. KOUTSANTONIS:** I am advised that, to date, since the project was announced in 2005-06, we have spent \$10.5 million, and we will have spent a total of \$4.4 million in the 2008-09 period. The total is \$10.5 million, on the advice that I have.

**Mr WILLIAMS:** Thank you, minister. The opposition understands that the government had appointed three preferred tenderers for the project. The opposition has further been informed that at least one of those tenderers has expended something in the order of \$7 million on preparing its bid. Given the government's admission that compensation will be payable, is it reasonable to assume that the total compensation costs could be as much as \$21 million, and will that be paid from Treasury or from your department?

**The Hon. A. KOUTSANTONIS:** First of all, whenever I hear that the opposition has been advised I get very nervous, because the last time the opposition was advised I was apparently involved in a massive criminal conspiracy to have Criminon and Applied Scholastics go into our prisons to educate prisoners using the techniques of L. Ron Hubbard.

**Mr KENYON:** Did that turn out to be true in the end?

**The Hon. A. KOUTSANTONIS:** No, it was actually false, and the people who were lied to the most were, of course, Mr Hamilton-Smith's colleagues. So, every time I hear that the opposition has been informed by tenderers or people meeting in garages, I get very nervous. However, I would say that the question is more appropriate for the Treasurer. He is the person who has carriage over this matter. He is the one who will be dealing with it. I am not going to be putting any figures out there, and I do not think the government will either. There is a rough estimate and I am sure that the Treasurer was asked that question during these estimates. If he was not, then it is probably irresponsible of the opposition.

**Mr WILLIAMS:** There would be no impact on your budget—

**The CHAIR:** Order! I can advise the member for MacKillop that the Treasurer did answer that question yesterday and acknowledged that it was in his area of responsibility, not Correctional Services.

**The Hon. A. KOUTSANTONIS:** I thank you, Madam Chair, for your wisdom and I refer the member to the *Hansard* of yesterday.

**Mr WILLIAMS:** I thank the chair for answering the question. It might have saved a lot of time if she had stepped in earlier. Minister, now that the government has withdrawn from the project you have detailed the money that has been spent already, and we have been over what potential compensation implications might occur, will there be any other costs to government in withdrawing from this project, other than those that have already been talked about in this committee?

Will the government retrieve any residual value from the project? For instance, if compensation is paid, I presume that, with any intellectual property that was created, such as designs and modelling that was done, etc., as part of the project by the bidding tenderers, the government may reasonably negotiate to take possession of those assets. Is that the way you see it?

**The Hon. A. KOUTSANTONIS:** As far as the government is concerned, I am advised that the project is finished. It has been cancelled. It is not on hold, it has been cancelled. Any question about compensation, anything to do with the tenderers or any work they did is a matter for the Treasurer. We have a contingency, as the honourable member heard in my opening statement, of \$50 million to look through all the facilities to see what we need. Any questions about intellectual property and ownership thereof belong to the Treasurer, I am advised.

**Mr WILLIAMS:** You are being careful, Tom.

**The Hon. A. KOUTSANTONIS:** The government has nothing to fear from the opposition. You have all day; go ahead.

**Mr WILLIAMS:** Thank you, minister. I refer to Budget Paper 4, Volume 2, page 7.205. The 2009-10 'targets' state:

Progress planning, design and documentation and commence work associated with new cells for additional prisoner accommodation.

Given that the now cancelled project at Mobilong was to provide 209 beds within the prison system, what are the details of the government's current plans to provide prison accommodation? How many new beds will be provided, where will they be located and what will be the cost?

**The Hon. A. KOUTSANTONIS:** This was going to be one of our Dorothy Dixers, but I am glad that you have asked it because I want to get it on the record. The original 2008-09 capital budget for prison accommodation was \$3.922 million. This consisted of over \$3 million of new funding and \$.892 million of carryover funding from 2007-08. In the 2008-09 budget it was further increased to \$4.48 million, a net increase of \$563,000. In 2008-09, 83 new beds were created by the doubling up of existing accommodation at the Cadell Training Centre (22 beds); Mobilong Prison, 41 beds; and Mount Gambier Prison, 20 beds.

Additionally, a 12 bed traditional Aboriginal unit was completed at Port Augusta Prison. It is anticipated that prisoners will begin moving into the unit in July 2009. In 2009-10 capital budget allocation for prison accommodation is \$6.12 million. This is expected to provide for the construction of 36 low-security beds at Port Lincoln Prison, the commencement of 36 low-security beds at Mount Gambier Prison and \$1 million to complete works associated with additional beds commissioned in 2008-09.

While paying for the new longer-term accommodation is in its early stages, new initiatives already announced include a new cell block at Port Augusta Prison to accommodate 80 prisoners and a new cell block at Mount Gambier Prison to accommodate 80 prisoners. Treasury is holding \$30 million in contingencies in the forward estimates for these two projects.

**Mr WILLIAMS:** I had trouble keeping up with all the numbers; there is a lot of data there. I look forward to reading *Hansard*.

**The Hon. A. KOUTSANTONIS:** It is in my press release.

**Mr WILLIAMS:** That is where the confusion is coming from.

**The Hon. A. KOUTSANTONIS:** I want to talk to you about Baxter in a second, as well. I am looking forward to your policy announcement on Baxter because I could not find your press release on your website anywhere. I am wondering whether it is actually Liberal Party policy or just your harebrained idea.

*An honourable member interjecting:*

**Mr WILLIAMS:** It was always going to be a rabble with Tom.

**The CHAIR:** Order!

**Mr WILLIAMS:** How many beds were or will be established within the prison system during the period 1 July 2008 and today or the end of this month?

**The Hon. A. KOUTSANTONIS:** I am advised 83 new beds, plus 12 in the Aboriginal unit.

**Mr WILLIAMS:** So a total of 95 beds.

**The Hon. A. KOUTSANTONIS:** That is the advice I have received.

**Mr WILLIAMS:** Therein lies the problem. I will have to go back and do the numbers again, but on my calculation 199 beds were created in the financial years 2007-08 and 2008-09 and—

**The Hon. A. KOUTSANTONIS:** Sorry, are you saying 2007-09 or 2008-09?

**Mr WILLIAMS:** No; 2007-08 and then 2008-09.

**The Hon. A. KOUTSANTONIS:** But you asked me about 2008-09.

**Mr WILLIAMS:** Yes, I did, and the number you have given does not add up with your press releases. I will do some more work on that and move on. I think you have given me enough information to allow me to do more calculations.

Your media release of 4 June states that the \$38 million allocation from last year's budget is carried forward to provide an additional 232 beds. Where is that listed in the budget? The budget shows \$6 million for additional prisoner accommodation only. Where is the \$38 million?

Last year's budget figure shows \$4.48 million, and in one of your earlier answers or opening statement you talked about the carryover from earlier years. Is the \$6 million listed in the 2009-10 year, in the current budget, all new money or does it include carryover money from last year? In any case, where is the \$38 million in the budget that your 4 June press release talked about?

**The Hon. A. KOUTSANTONIS:** I said earlier that \$30 million is held in contingencies in Department of Treasury and Finance, \$6 million is held in the Department for Correctional Services, another \$0.12 million is held in DTF and the remainder is in the forward estimates.

**Mr WILLIAMS:** So will these new beds only be created as a contingency, if needed? You have talked about 36 new beds in high security at Port Lincoln and the same at Mount Gambier and another two lots of 80 beds.

**The Hon. A. KOUTSANTONIS:** I am advised that 232 will be built.

**Mr WILLIAMS:** In your statement you are intending to build 600 new beds; I think that is one of the figures you gave. What is the expected date they will be available for occupation?

**The Hon. A. KOUTSANTONIS:** That is right; I am advised that is correct.

**Mr WILLIAMS:** What is the expected date they will come on stream?

**The Hon. A. KOUTSANTONIS:** I am advised 2012.

**Mr WILLIAMS:** So all those beds will be in the system by 2012?

**The Hon. A. KOUTSANTONIS:** Yes, July 2012.

**Mr WILLIAMS:** Thank you, minister. I do not know whether you gave yourself six months or took off six months. I think you have increased the pressure.

**The Hon. A. KOUTSANTONIS:** Of course, being completed and being commissioned are two different things.

**Mr WILLIAMS:** Another qualification. I refer to Budget Paper 4, Volume 2, page 7.206. The table at the top of the page refers to the net costs of each of three programs: rehabilitation and reparation, custodial services, and community-based services. Can you provide a breakdown of the full-time equivalents employed in each program for the 2007-08 actual column, the 2008-09 estimated result and the 2009-10 budget?

**The Hon. A. KOUTSANTONIS:** My advice is that we do not have that broken down, but I can give you information about some other rehabilitation programs that we will not be implementing. I went onto the website of Criminon, a branch of the Church of Scientology, and I want to give you some information—

**Mr WILLIAMS:** Madam Chair, this is totally irrelevant to the question.

**The Hon. A. KOUTSANTONIS:** No; you have no idea how relevant it is.

**The CHAIR:** Order! The question was about the cost of rehabilitation programs. I think the minister is—

**Mr WILLIAMS:** The question was specifically about the number of full-time equivalents employed in a range of programs. If the minister does not want to provide the information I will move on. You are not prepared to take that on notice and provide the information, minister?

**The Hon. A. KOUTSANTONIS:** I have been advised that we do not keep a breakdown by full-time equivalents on the information you seek. However, I am surprised that you do not want to hear about the projects that you and opposition members accused me of, things like detox by putting prisoners in saunas—

**Mr WILLIAMS:** I am really interested in what you are doing, minister. If you cannot answer that question I will move on. I refer to Program 1: Rehabilitation and Reparation, page 7.208. The performance indicators refer to education/vocational programs. I find it confusing; the numbers suggest that there are some 2,222 prisoners enrolled in these programs yet the official figures—in fact, a press release that you put out earlier this year—would suggest that there are fewer than 2,000 prisoners within the system. Can you explain why the numbers show so many prisoners enrolled in these educational programs?

**The Hon. A. KOUTSANTONIS:** I think this question exposes the shadow minister a little. Not all prisoners are incarcerated for a full year; some go in and out and rotate through the system. I am advised that this is enrolments for a year. While prisoner numbers are at a certain level, people come and go; that is why the enrolment is different to the number of prisoners.

For example, say that we had the Criminon program that your party advocated that I had, and we were putting prisoners in a sauna to detox and lose weight: I have done a bit of research on this and, according to L. Ron Hubbard, prisoners who are—

**Mr WILLIAMS:** Madam Chair, the minister—

**The CHAIR:** Order! This does seem to be straying from the topic. Do you have any further related information to provide, minister?

**The Hon. A. KOUTSANTONIS:** I do. As I said—

**The CHAIR:** Related to the budget line. I have been making sure that the opposition sticks to the budget line; ministers can have some liberty but we have limits.

**The Hon. A. KOUTSANTONIS:** I think I have answered that question.

**Mr WILLIAMS:** In the same table, under the performance commentary in performance indicators, it suggests that about 70 per cent of eligible prisoners appear to have duty assignments. Is this percentage a factor of the lack of appropriate duties available or is some other factor involved? Furthermore, is the figure similar across the system or is the level of duties available higher in some parts of the system than in others?

**The Hon. A. KOUTSANTONIS:** Can you repeat that first part, regarding the 70 per cent?

**Mr WILLIAMS:** It is right at the bottom of the table. It is the percentage of eligible prisoners with duty assignments. There is a target for the ensuring period of 70 per cent.

**The Hon. A. KOUTSANTONIS:** The advice I have received from the chief executive is that, under very trying circumstances with respect to the riot at Port Augusta and locking down those prisoners, we still exceeded the target we set. The numbers that we are setting this time, I am advised, are higher than those in the 2008-09 targets. However, with respect to the 75 per cent, we want to push that figure up as much as we can and get as many prisoners as we can into these programs. So, we have set some pretty ambitious targets.

When there is an incident such as the one at Port Augusta last year—a riot, where we had to lock down 90 cells—it makes it very difficult to manage the prison in an effective way to have everyone in these programs. Despite the very tough circumstances, correctional officers did a fantastic job at Port Augusta to make sure that we got as many as we did into these programs. With respect to the program, I am advised it is a 5 per cent increase.

**Mr WILLIAMS:** I accept that. There is no hidden agenda; the question is quite simply: are positions available to be able to gainfully employ greater numbers of prisoners?

**The Hon. A. KOUTSANTONIS:** Is the member's question whether it is 70 per cent because we only have enough for 70 per cent of the population?

**Mr WILLIAMS:** Yes.

**The Hon. A. KOUTSANTONIS:** I am advised that that is true, but we are always looking for more opportunities. We have increased it by 5 per cent this year. My view is that idle hands make work for the devil. Having prisoners doing more in prisons—becoming accredited, keeping them busy, making sure that they lead productive lives while they are in our custody and coming out rehabilitated—is something I am all for. We have a captive audience in our correctional facilities, so the more we can offer them, the better.

**Mr WILLIAMS:** Absolutely. At the top of the same table it is noted that 22 offence-focused programs are available. Are those programs available across the system, or are various programs available in various sites? It seems that the success of the programs is rated by the percentage of prisoners who complete the programs. Is completion of such a program used as a criterion when parole is considered, and do the courts ever impose obligations for successful completion of such programs as part of their sentencing?

**The Hon. A. KOUTSANTONIS:** Can you go back to what you said about parole conditions and judges? I was receiving a briefing when you said that.

**Mr WILLIAMS:** Firstly, I want to know whether the offence-focused programs are available at all sites or whether you have to move prisoners around because of availability. Secondly, it seems that the measure of success is based on the number of offenders who complete these programs. Is that used as a criterion in the consideration of parole for a prisoner, and are obligations set as part of the sentencing process that certain prisoners must complete certain programs?

**The Hon. A. KOUTSANTONIS:** I am advised that the Parole Board can set conditions before accepting a prisoner for parole. We run 22 offender programs. Some are at selected

venues—for instance, the sex offender treatment program and the violent offender treatment program—whereas the anger management, alcohol and other drug problems and victim awareness programs are provided to all.

However, the Parole Board sets its own views about what programs prisoners must complete and I imagine that is taken into account when considering parole. I assume that the violent offender treatment program would be something the board would look at if someone was imprisoned for a violent crime, and parole is coming up. The truth is that, effectively, rehabilitation programs reduce the likelihood of reoffending and, therefore, contribute to a safer community.

Programs aimed at providing prisoners and offenders with behaviour-based interventions were first introduced by the South Australian Department for Correctional Services in 1997. To ensure that the programs continue to meet the needs of prisoners and offenders, the Department for Correctional Services developed a review process to identify and replace, when necessary, outdated programs. I can go on if you like, if you have run out of questions.

**Mr WILLIAMS:** No; that is fine. I will let you know when I have run out of questions and we will all have an early minute. I refer to Program 2: Custodial Services on page 7.210. Amongst the objectives is a statement 'to provide adequate secure accommodation', etc. The commentary goes on to use the terminology 'secure and humane containment'. How does the government define the terms 'adequate' and 'humane'?

**The Hon. A. KOUTSANTONIS:** I would have thought it was self-evident but I will give you a detailed description in a moment. I am advised that 'adequate' means that we always meet demand and 'humane' means that we meet the standards set by the Australian standard for correctional detainment in this country. My view is—and I think this is the view of every member of this house, especially on the government side—that a society is judged by the way it treats its prisoners. The more affluent society is, one would assume that it would offer offenders who have been incarcerated opportunities—and we do that, and I think we do it well. We have the second-lowest re-offending rate in the country. It is something that I am very proud of and I think correctional officers and the department should be very proud of it; they are the ones who are at the pointy tip of the sword.

In South Australia we treat all prisoners humanely. I say to people out there who wear their hearts on their sleeves about the humane treatment of prisoners, that if they think there is a prisoner who is not being treated humanely then they should immediately notify me or the department. However, I can assure you that the department, the state and the people of South Australia would not accept inhumane treatment of prisoners. I do not think there is anyone who would call for that other than someone with extremist views.

**Mr WILLIAMS:** ABS data indicates that South Australia has the highest rate of unsentenced prisoners, and I am assuming that they are remandees. Is this the result of a conscious decision by the government or merely a function of an inadequate resourcing of our courts system?

**The Hon. A. KOUTSANTONIS:** I am advised that that is completely out of our control. I cannot tell the Chief Justice who should be on remand and who should not—that is decided by the judiciary. The courts make decisions based on community safety. I could take another point from your question and ask: would you have me open the doors and let them all out?

**Mr WILLIAMS:** I am just trying to get a handle on why there is a different number in South Australia from the other states.

**The Hon. A. KOUTSANTONIS:** Sure, and we are very proud of our law and order program in South Australia. We lead the nation. You would have noticed that the rest of the country—and, indeed, the Prime Minister—is trying to replicate our outlaw motorcycle gang legislation that we fought tooth and nail to get through the parliament, despite the objections of the shadow attorney-general and the left wing Liberals who sit in the opposition. I understand the bleeding hearts to my left and their care and compassion—

**Mr WILLIAMS:** I think you're trying to rewrite history.

**The Hon. A. KOUTSANTONIS:** Let me finish. The South Australian public has a certain community standard. The reverse of that question is that I should walk down to the Adelaide Remand Centre and instruct the general manager to open the doors and let them out, and I am not going to do that. My job is to hold the line.



**Mr WILLIAMS:** No, that is not the corollary of that question at all. The question is premised on our prison population. The question is: is it higher than we necessarily need? Obviously, if 34 per cent of our prison population are remandees and in other states it is a much lower figure, I think it is fair to ask why on earth we have so many remandees when they do not have the same numbers in other states. That is what the question is about. It costs a hell of a lot of money, minister, to keep anyone in prison—a remandee, or someone who has been convicted and sentenced.

**The Hon. A. KOUTSANTONIS:** Sure. Perhaps you can tell me who we should release.

**Mr WILLIAMS:** That was not the question. I am just wondering why our system has so many more non-sentenced prisoners.

**The Hon. A. KOUTSANTONIS:** If you extrapolate that question to its final destination, you are saying to me that there are people on remand who should not be. So, my question to you is: who in the remand centre should I let walk out?

**Mr WILLIAMS:** That was not the question at all, minister.

**The Hon. A. KOUTSANTONIS:** Well, it is. You have been caught out. You are saying there are too many people on remand.

**Mr WILLIAMS:** As the Minister for Correctional Services, you should be trying to argue within cabinet if there is a government policy that is making your job more difficult to provide an adequate prison service.

**The Hon. A. KOUTSANTONIS:** Okay. We cope, and we cope well. But the question is: who do I let out? Do I let out the accused armed robbers? Do I let out the accused rapists? Do I let out the accused paedophiles? Who do I let out?

**Mr WILLIAMS:** That is not the question at all, minister.

**The Hon. A. KOUTSANTONIS:** Can the opposition put in its policy paper which criminals should not be on remand? Which ones? Name them!

**Mr WILLIAMS:** You know that is not the question at all, minister. If you are embarrassed by the situation that you are administering, that is fine. I refer to sub-program 3, relating to community-based services—

**The Hon. A. KOUTSANTONIS:** Yes, I would change the subject, too, if I was you.

**Mr WILLIAMS:** Well, I do not think we are going anywhere.

**The Hon. A. KOUTSANTONIS:** Yes, we are. You will be reading about it soon.

**Mr WILLIAMS:** You are playing games. If you want to have an intelligent debate about the number of people we should be locking up who have not had an opportunity to have their day in court, that is a completely different question and it is one that obviously you are not prepared to address. Notwithstanding that, you are prepared to walk into cabinet and ask your colleagues and the Treasurer to provide extensive money to service prisoners, and I am asking if you actually question whether we need to be providing that many prison places. That is what it is about. Other states seem to be able to do it. You are not interested in it, so that is fine.

I refer to sub-program 3, relating to community-based services. There are a number of community-based options and programs used, and the success rate appears to vary substantially. The worst performance is recorded against community service orders. What is the outcome for the 40 per cent of those people who appear to fail to complete community service orders?

**The Hon. A. KOUTSANTONIS:** I am advised that the reason the rate on the table that the member has is at 60 per cent is that our enforcement is so tough. Other states—the ones that you champion—have a less rigid enforcement policy. I am advised that Western Australia is one of those. I can assure the member that we are very strict. For example, the advice I have been given is that if you fail to turn up three times, that is it, because you have breached. The reason it is at 60 per cent, and we publish that, is we are strict.

**Mr WILLIAMS:** I was not questioning that. You are getting sensitive, minister.

**The Hon. A. KOUTSANTONIS:** I am not sensitive.

**Mr WILLIAMS:** My question was simply: for the 40 per cent who breach their community service order, what is the next step you take with those people?

**The Hon. A. KOUTSANTONIS:** I am advised we take them back to court.

**Mr WILLIAMS:** Do they generally end up incarcerated in prison?

**The Hon. A. KOUTSANTONIS:** Well, that is up to the court. I do not have a breakdown of figures in the last year of the ones who were sent by the court back into remand while it was considered or put back into prison. I do not have those figures, but we are certainly very vigorous in our attempts to make sure people—

**Mr WILLIAMS:** I'm not denying that.

**The Hon. A. KOUTSANTONIS:** Well, it is part of the answer. I will answer the question the way I want to answer it. The truth is, when people breach, I am advised that we take the matter to the court. What happens then is a matter for the court.

**Mr WILLIAMS:** But do you follow up to see whether they simply revolve back onto another community service order or there is some other approach taken?

**The Hon. A. KOUTSANTONIS:** You want to know how many people have gone to court for breach, and then you want a breakdown of people who go to prison after a breach.

**Mr WILLIAMS:** Yes; there are cost implications.

**The Hon. A. KOUTSANTONIS:** I am advised that we do not have those figures with us.

**Mr WILLIAMS:** I just would have thought that that would have been a part of the management program to manage your costs going forward. I presume, from the answer to that question, that if I put a similar question to you about the other community-based programs, that the answer would be the same, that you do not monitor what the eventual outcomes are and where those people end up and what implications they have for your ongoing budget and cost structure?

**The Hon. A. KOUTSANTONIS:** Just so that the member is clear about this, the advice I have is that, if you break parole, you go back to prison; if you break your bail supervision, you go back to prison; you break your home detention, you go back to prison. It is the community service stuff that we go to court for and probation. There is always a scale of these things.

**Mr WILLIAMS:** Again, there is no agenda here, minister, I am just trying to get my head around the way your portfolio operates and the way that the government relates to what is happening with regard to sentences, whether they be custodial or community based. My question is: does your department's experience of many years indicate that the ultimate success rate of rehabilitating offenders from their offending behaviour is more readily achieved under such community-based orders or through imprisonment? The most recent data shows that Australia has a recidivism rate within two years of prisoners released of some 33 per cent. Home detention orders have completion rates in excess of 80 per cent. Is the reoffending rate post home detention of the same order as the imprisonment, that is, over 33 per cent of recidivism?

**The Hon. A. KOUTSANTONIS:** I think the advice that you will one day get—it's actually your birthday tomorrow, isn't it? I remember that. Happy birthday for tomorrow, Mitch, by the way.

**Mr WILLIAMS:** Thanks, Tommy! I didn't realise you tracked my ageing, Tom.

**The Hon. A. KOUTSANTONIS:** I track everything about you. The advice I have is that the best measure for any of this is always the reoffend rate, and we measure success of everything based on reoffend rate. South Australia has the second lowest reoffend rate in the country. Is it too high? Until it gets to zero, it is always going to be too high. You can make promises all you like, but the fact is our job is twofold: one is to protect the community—

**Mr WILLIAMS:** Sounds like traffic offending, doesn't it?

**The Hon. A. KOUTSANTONIS:** It is twofold: you lock people up who the court deems unfit to be in the community and then once you have them in prison, part of their punishment is to be away from the community, and the second part is to offer a chance for rehabilitation. It's a bit like when you walked into Marty's office and said, 'I want you to resign,' and he said, 'No' and you said 'Oh, okay' and walked out again and then started getting on the phones and realised you have no one to vote for you. It is a bit like that. The job there is to offer hope, and to offer hope is to offer a service of rehabilitation. In your case, the hope would be that maybe Peders and Goldy here might change their vote and back you; whether or not they do is up to them, but ultimately it is up to you, Mitch.

**Mr WILLIAMS:** Have you finished, minister?

**The Hon. A. KOUTSANTONIS:** I have. That's right, 'There is nothing to see here. It is all plain sailing for the Liberal Party. We all love each other.' Give me a break!

**Mr WILLIAMS:** Minister, I draw your attention to the balance sheet on page 2.14, particularly to 'non-current assets'. The budget shows that the land and improvements have a balance sheet value of \$253 million. The 2006-07 budget papers, which contain the announcement that the government will build a new prison complex and youth detention centre, indicate that the site containing Yatala Labour Prison, the Adelaide Pre-Release Centre and the Adelaide Women's Prison comprises some 61 hectares. Can you inform the committee of the current valuation of that site?

**The Hon. A. KOUTSANTONIS:** The current valuation?

**Mr WILLIAMS:** Yes.

**The Hon. A. KOUTSANTONIS:** I am advised that, as a result of the announcement of the New Prisons Project development, there was a re-evaluation of both land and buildings at Yatala Labour Prison, Adelaide Women's Prison and the Adelaide Pre-Release Centre, with the expectation that buildings would be decommissioned and the land sold.

Consequently, the valuation of the land changed from existing use to market value, and the useful life of the buildings, including the site, security and infrastructure, reduced. In the 2007-08 financial statements, the land and buildings value at the Northfield site was \$76.8 million and \$98.2 million in 2008-09.

In the 2009-10 budget, the Treasurer announced that the New Prisons Project would no longer go ahead. As a result, the Department for Correctional Services requested independent valuers to revise the land valuation for existing use and the useful life of the buildings. It is expected that the future value will be lower, as the land will not be available for redevelopment.

**Mr PEDERICK:** I refer to Budget Paper 2, page 4, and the second sentence, which refers to the new prisons and secure facilities project. Will the government now sell the land identified at Mobilong for the prisons project to the local council or privately?

**The Hon. A. KOUTSANTONIS:** As the member would be aware, I have been advised that that land was always government land. It was held by the department for environment, and the Department for Correctional Services bought the land from that department, so it was an exchange within government. There are no plans to sell the land.

**Mr PEDERICK:** So, we will just get it out past estimates.

**The Hon. A. KOUTSANTONIS:** Sorry?

**Mr PEDERICK:** We will just get it out past the estimates period.

**The Hon. A. KOUTSANTONIS:** Are you saying—

**Mr PEDERICK:** I am not saying anything. I am just asking whether we are just getting it out past the estimates period.

**The Hon. A. KOUTSANTONIS:** I am not following you.

**Mr PEDERICK:** Well, to make it disappear off the budget.

**The Hon. A. KOUTSANTONIS:** It is government land. It is a government asset.

*Mr Kenyon interjecting:*

**The Hon. A. KOUTSANTONIS:** I never knew whether the member for Hammond supported or opposed it, I have to say. He was very good at navigating the local community.

**Mr PEDERICK:** Absolutely.

**The Hon. A. KOUTSANTONIS:** When they gave out VCs for political courage, he was first in line.

**Mr PEDERICK:** Will the government compensate the Rural City of Murray Bridge for moneys expended on consultants who prepared a local impact statement on the proposed Mobilong project?

**The CHAIR:** Member for Hammond, I think that matter has already been—

**Mr PEDERICK:** It is in relation to that same budget line, Madam Chair.

**The CHAIR:** Yes, but I think it has already been acknowledged to be a Treasury responsibility.

**The Hon. A. KOUTSANTONIS:** I am happy to answer. I am advised that we have already provided \$40,000. I am advised that we commissioned one in conjunction with the council, and then the council decided of its own motion to commission another.

**Mr PEDERICK:** That is the one I am referring to.

**The Hon. A. KOUTSANTONIS:** We will not be paying that.

**Mr WILLIAMS:** I will read a series of omnibus questions into *Hansard* which I hope the minister will take on notice and provide answers back to the committee.

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 2008-09 for all departments and agencies reporting to the minister, listing the name of the consultant, contractor or service supplier, cost, work undertaken and method of appointment?

3. For each department or agency reporting to the minister, how many surplus employees will there be at 30 June 2009 and, for each surplus employee, what is the title or classification of the employee and the total employment cost (TEC) of the employee?

4. In financial year 2008-09 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2009-10; and how much was approved by cabinet?

5. (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 2009; and

(ii) Between 30 June 2008 and 30 June 2009, will the minister list the job title and total employment cost of each position (with a total estimated cost of \$100,000 or more):

- (a) which has been abolished; and
- (b) which has been created?

6. For the year 2008-09, 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 and the purpose of the grants, and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

7. 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:** Member for MacKillop, yesterday the Premier discussed with I think the member for Heysen that, in relation to the second request, only the contracts for over \$10,000 be disclosed. The Premier was conscious of the amount of work in the Public Service chasing down rats and mice.

**Mr WILLIAMS:** I was unaware of that, Madam Chair, but I think that is probably a reasonable amendment.

**The CHAIR:** It has been the practice in past years, according to the Premier.

**Mr WILLIAMS:** It is probably a reasonable amendment to the question that I have put.

**The CHAIR:** No further questions?

**The Hon. A. KOUTSANTONIS:** Before you close, Madam Chair, can I first of all thank you and the committee. I would also like to thank the chief executive, Mr. Peter Severin, Ms Sue Lees and, of course, all the staff who have been working day and night preparing for these devastating

questions and making sure that we have the answers. They do a great job, and I thank them. Thank you all for hearing us.

**The CHAIR:** Thank you, minister. There being no further questions, I declare the examination of the proposed payment completed.

**Membership:**

Dr McFetridge substituted for Mr Goldsworthy.

**INDEPENDENT GAMBLING AUTHORITY, \$1,568,000**

**ATTORNEY-GENERAL'S DEPARTMENT, \$138,279,000**

**ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$70,020,000**

**Departmental Advisers:**

Mr R. Chappell, Director, Independent Gambling Authority.

Mr W. Lewis, Acting Liquor and Gambling Commissioner.

Mr K. Della-Torre, Director, Gambling Policy, Department of Treasury and Finance.

Ms D. Contala, Executive Director, Finance and Business Services, Attorney-General's Department.

Mrs S. Baldock, Ministerial Liaison Officer.

Mr N. Antonopoulos, Ministerial Adviser.

**The CHAIR:** I declare the proposed payments open and reopened for examination and refer members to the Portfolio Statement, Volume 2, Part 7. Most of the people here have heard the opening remarks before, but for those who are not aware of them I will point out that, if the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 17 July 2009. This year the *Hansard* supplement, which contains all estimate committee responses, will be published on 2 October 2009. It is essential that questions are directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response. Minister, do you wish to make an opening statement?

**The Hon. A. KOUTSANTONIS:** As a matter of fact, I do, Madam Chair. I was delighted to be appointed to continue the work of creating a more responsible gambling culture in this state. The past year has been an important one. The revised codes of practice, developed by the Independent Gambling Authority, came into force on 1 December 2008. The codes recognise the value of direct relationships between gaming venues and gambling help services and further develop responsible gambling measures in venues.

The Responsible Gambling Working Party, established by the Hon. Paul Caica, has been very busy. Its third progress report has now been released. This group of industry and community sector representatives is working collaboratively so that the industry can support customers who want to set limits on their gambling. One precommitment trial is well-established, another is shortly to begin, and a third, suitable for smaller venues, will follow. I would like to acknowledge the commitment of the working party and its chair, Cheryl Vardon, for her leadership of this important group.

The coming year will see the report of the IGA's barring inquiry and the consideration of its recommendations. On a national level, the Productivity Commission will also report on the update of its 1999 Inquiry into Australia's Gambling Industries. The recommendations of both these inquiries will be considered prior to introducing amendments to the Gaming Machines Act. The amendments aim to build upon what has already been achieved in creating responsible gambling environments in this state. I thank the industry and the community sector for their work during the past year and I look forward to their continued support in the coming year.

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

**Dr McFETRIDGE:** Just a very brief one, Madam Chair. Can I say that it is a pleasure for me to see the member for West Torrens as a minister after these many years; I did have some faith

in his ability. Aussies do love a bet and, if they are betting responsibly and, in some cases, with some guidance, it is a wonderful pastime; but, unfortunately—it has happened in my family but I hope it has not happened in the minister's family—some people have got out of control and lost (as happened in the case of one of my relatives) hundreds of thousands of dollars, plus their family, plus their house. It is a tragedy if things go wrong, but we do love a bet as Aussies. I look forward to seeing what the Independent Gambling Authority and the Office of the Liquor and Gambling Commissioner is doing.

I refer to Budget Paper 4, Volume 2, page 7.18 under Targets: Office of the Liquor and Gambling Commissioner. In terms of the review of the inspectorial services for Liquor and Gambling, last year the then minister for gambling, Paul Caica, said he would get back to the committee with some answers to questions, which, I understand, we have not seen. Therefore, I will ask you similar questions, and if you can get back to us on those today, if not, in the future. How many inspections were undertaken in the 2008-09 budget year? How many prosecutions were recorded, for what types of offences, and how many in each category? What action was taken as a result of prosecutions?

**The CHAIR:** Order! It is not possible to put questions on the record like that. The minister may answer the question or defer it, but questions have to be submitted.

**The Hon. A. KOUTSANTONIS:** I can answer them now, if you like.

**Dr McFETRIDGE:** If you can answer them now, minister, I would be very pleased. I will hang on to the others for the moment.

**The Hon. A. KOUTSANTONIS:** As part of a broader inspectorate and compliance process, the Office of the Liquor and Gambling Commissioner currently employs nine liquor and gaming inspectors, who have responsibility for inspecting licensed venues in the state, 588 of which hold gaming machines. The inspectorate is integrated, with staff ensuring compliance with the relevant liquor and gaming legislation. In addition, the OLGC has three wagering inspectors, who have responsibility for inspecting bookmakers' operations, TAB agencies and racing clubs.

The OLGC also has 10 inspectors, who scrutinise operations at SkyCity Adelaide. The office has a dedicated compliance section of two officers, responsible for investigation of complaints under liquor, gambling and wagering legislation. The OLGC manages its monitoring and compliance program by allocating appropriate resources on a 'risk-based' approach, where there is now a greater emphasis on high level of non-compliance to targeting licensees who re-offend on compliance requirements.

During 2008-09, 13 disciplinary actions were taken by the Liquor and Gambling Commissioner against gaming machine licensees, resulting in seven reprimands, four fines and two licence suspensions. The commissioner has indicated that he intends to take action against a further six licensees. The Responsible Gambling Advertising Code of Practices was amended—effective 1 December 2008. Therefore, resources have been allocated to concentrate on checking compliance with the new requirements of the code, particularly gaming machine venues which have not entered into an agreement with an approved intervention agency (AIA). Gaming machine venues without an agreement with an AIA are considered to be of higher risk of non-compliance.

In conjunction with the risk-based approach, the OLGC still inspects every gaming venue, SA TAB outlets, and racing club and bookmaker betting operations at least once a year. The casino's audit program is constantly monitored, evaluated and adjusted depending on past audit results. This ensures that available resources are targeted primarily towards those areas needing attention but, at the same time, ensuring that no areas are overlooked.

Amendments made to the Collections for Charitable Purposes Act 1939 on 1 September 2008 introduced the provision for inspectors under the act. This office is now conducting investigations into the operations of licensees as a result of complaints from the general public and other industries. Random audits are also being conducted on licensees, in particular with regard to the distribution of funds collected for charitable purposes.

**Dr McFETRIDGE:** Last year, the OLGC commissioned a report into compliance and enforcement functions. Has that report been completed and will the government release the report?

**The Hon. A. KOUTSANTONIS:** In 2007, I am advised, a review of the compliance functions of the Office of the Liquor and Gambling Commissioner (OLGC) was undertaken by Dr Dale Cooper. The Cooper review was completed in February 2008 and a number of recommendations were made to improve the OLGC's compliance functions and to create efficiencies. Progressive implementation of the recommendations of the review has commenced.

Additional staff resources have already been allocated to out-of-hours monitoring of licensed premises, gaming machine compliance and investigations into the operation of charities.

**Dr McFETRIDGE:** I refer to Budget Paper 4, Volume 1, page 3.23, involving gambling policy. I know what an influential man you are in the ALP in South Australia. The ACT Labor Party has decided to sell its four licensed clubs because of fear they were damaging its brand, some 18 months after Kevin Rudd declared his disdain for poker machines. The ALP-owned Colac Hotel has approximately 10 gaming machines. Is the minister concerned that its ownership of the Colac Hotel may be damaging the ALP brand?

**The CHAIR:** The minister has no responsibility for that.

**The Hon. A. KOUTSANTONIS:** I think it is important, given the accusation is out there, Madam Chair, that I respond quickly, and only because I have such a soft spot for the member for Morphett. I am advised that what the Australian Labor Party owns of the Colac Hotel are the bricks and mortar. We are not the licensee. We do not own the poker machines. We own the building. I think that answers your question.

**Dr McFETRIDGE:** On the same budget reference, I point out that, whilst I was doing some research on this with the shadow minister, it became apparent that a number of agencies are responsible for gambling policy and compliance—the OLG, the IGA, plus in Families and Communities, the Office for Problem Gambling, and a gambling policy unit within Treasury and Finance. Is the government looking to amalgamate those various agencies to ensure that there is an overall policy, some consistency or even reducing red tape?

**The Hon. A. KOUTSANTONIS:** I understand exactly what the member is talking about and I can appreciate how confusing it can appear in the first instance. The arrangements for handling gambling regulation policy and programs are largely the same as under the previous Liberal government. They resemble the approach suggested by the Productivity Commission in 1999. It identified the following roles: policy development—setting the big picture; control—more administrative decisions and independent advice, within an established policy framework; enforcement—monitoring to ensure compliance with the rules and standards; adjudication on appeals; program administration—community awareness and gambling rehabilitation.

In South Australia, policy development is the role of the Minister for Gambling, supported by the Department of Treasury and Finance. The Department of Treasury and Finance also provides secretariat support to my advisory body, the Responsible Gambling Working Party. The Independent Gambling Authority has the control role. The way in which it operates closely mirrors the approach documented by the Productivity Commission. The enforcement function, as suggested by the Productivity Commission, is separate from the policy development and control functions. The Liquor and Gambling Commissioner is responsible for this function.

The functions depend on the nature of the appeal, and the Productivity Commission acknowledges the necessity for this. The program administration function lies within the Department for Families and Communities. The Productivity Commission did not envision that this would be collocated with the other four functions. While appearing complicated, the Productivity Commission outlined good reasons for this separation, and both Labor and Liberal governments have largely accepted them. Whether this approach is still appropriate might be a topic considered by the Productivity Commission's public inquiry on gambling that is currently underway. The inquiry was commissioned by the federal government on 20 October 2008, with the terms of reference focusing on updating the 1999 Productivity Commission Report and assessing harm minimisation measures adopted since that time.

**Dr McFETRIDGE:** I refer to Budget Paper 4, Volume 1, page 3.22: Gambling Policy. Minister, can you advise the committee what is happening with the reduction in gambling machines in South Australia? At last count in May this year, I think there were 12,685 gaming machines. I do not know what that would be per head of population, but it seems an awful lot. How are you going with achieving the 3,000 reduction that Premier Rann was so forceful about back in 2004?

**The Hon. A. KOUTSANTONIS:** Before I go any further on this, I would like to say that the member for Morphett and I have to take some responsibility, because we both voted for the cap.

**Dr McFETRIDGE:** Actually, no I did not. I was one of five in the division who did not.

**The Hon. A. KOUTSANTONIS:** No; you did.

**Dr McFETRIDGE:** I still have the division paper in my office.

**The Hon. A. KOUTSANTONIS:** So do I. The advice I have, and I take the member for Morphett's word on these matters—

**Dr McFETRIDGE:** I kept that division. I can name the other four members.

**The Hon. A. KOUTSANTONIS:** The division list I have has your name next to mine as voting for the cap. However, I stand to be corrected. I'm sorry; the \$50,000 fixed price on the machine.

**Dr McFETRIDGE:** Sorry. Yes, the sales tax, not the numbers.

**The Hon. A. KOUTSANTONIS:** Not the numbers. So, we as a parliament bear a little of the responsibility for this. So, often when people take the Premier's name in vain in terms of this reduction, I feel that he has been harshly judged because the fixed price of \$50,000 goes a long way to the core of the problem.

**Dr McFETRIDGE:** Absolutely.

**The Hon. A. KOUTSANTONIS:** The people who can stand tall are the ones who voted against it. The vote does not lie. We put a cap on it and asked people to trade, and those who decided not to have decided not to do so. However, we are committed to reaching the 3,000 gaming machines reduction target. It is a decision that was made by parliament, and the government remains committed to removing those entitlements from the system.

The point I am interested in the most is that the initial aim of reducing the gaming machines was all about harm minimisation, and we are going a long way in looking into harm minimisation. I think precommitment is very important in making sure that we create a better responsible gambling environment. A series of amendments proposed to the Gambling Machines Act 1992 were prepared and were subject to public consultation in the latter part of the year. These amendments included the results of two inquiries by the Independent Gambling Authority, the 2006 review and the 2004 amendments inquiry.

I thank everyone involved in the public inquiries. I was impressed by the public submissions and the desire of all participants to improve the framework for gaming machines in South Australia, but there is not much we can do until the Productivity Commission reports. If I rush into the parliament with amendments about harm minimisation and the Productivity Commission comes down in February with a final report, people will say that we are putting the industry through too much change that may be unnecessary. My view is that, while it is a good target and we should be reaching it, there are other methods that are just as important in harm minimisation, but ultimately we will have to wait for the final report in February before we go forward and see what we do.

**Dr McFETRIDGE:** I refer to Budget Paper 4, Volume 1, page 3.32 and Volume 3, page 12.30, which really relates to the Department for Families and Communities but comes back to what the minister just alluded to, namely, responsible gambling. The gambling counselling agencies say that during difficult economic times some people tend to gamble more in the hope of gaining a windfall, but anyone with experience in numbers and a knowledge of the way the machines work knows that they do not increase their chances. The chances of winning \$90 million is .00000 per cent, which is incredible, but people still buy lottery tickets and want to gamble. During difficult economic times the Gamblers Rehabilitation Fund has remained static at \$1.5 million. Is the government looking to increase this? What is the government doing to fund gamblers rehabilitation and harm minimisation?

**The Hon. A. KOUTSANTONIS:** I am advised that the GRF is administered by the Department for Families and Communities through the Office of Problem Gambling. How much did you think was in it?

**Dr McFETRIDGE:** I believe \$1.5 million a year. I understand it has not increased for the past few years.

**The Hon. A. KOUTSANTONIS:** That is the IGC contribution. It is \$5.45 million and remains unchanged from 2007-08 actual and 2008-09 estimated, and the funds are sourced from the South Australian government, which puts in \$3.845 million; IGC puts in \$1.5 million (which is probably where you got the figure); and SkyCity puts in \$110,000. As a comparison, in the glory days of the Olsen/Kerin/Brown governments, there was an \$800,000 government contribution. We have upped it from \$800,000 to \$3.845 million—over \$3 million more.

**Dr McFETRIDGE:** Following the redistribution, I now have Morphettville Racecourse in my electorate, so the SAJC has been an even more interesting area for me to be on top of. I refer to



Budget Paper 4, Volume 1, page 3.38, cash flows for the SAJC inquiry. Has the government given the IGA an increase in funding to complete its inquiry into matters pertaining to the SAJC?

**The Hon. A. KOUTSANTONIS:** The advice I have is that we have not given it any extra money to conduct the inquiry; it did it out of existing resources.

**Dr McFETRIDGE:** Will the full report be tabled in parliament when it is completed?

**The Hon. A. KOUTSANTONIS:** The advice I have is that when it is ready it will be provided to me for tabling.

**Dr McFETRIDGE:** In parliament, in full?

**The Hon. A. KOUTSANTONIS:** In parliament.

**Dr McFETRIDGE:** In full?

**The Hon. A. KOUTSANTONIS:** Well, whatever it is that it gives me. It is an independent body. I do not tell it what to do. The last person who tried that, I think, was Graham Ingerson.

**Dr McFETRIDGE:** I hope you will urge it to table the full report, because I have been told of some of the issues surrounding the previous SAJC. I refer to Budget Paper 3, page 3.8. The government is expecting large projected increases in gaming machine tax revenue forward estimates, especially by 2012-13. On what basis is the government so confident that gaming revenue will increase, and what is its prediction about the number of electronic gaming machines in South Australia at that time?

**The Hon. A. KOUTSANTONIS:** The advice I have again is that this is part of the Treasurer's brief. He likes collecting the money; I deal with the problems.

**Dr McFETRIDGE:** He gets the pleasure: you get the pain.

**The Hon. A. KOUTSANTONIS:** Yes, that is usually the way it works when you are No. 14 in the cabinet. Do not worry, Pederick; you will find out sooner or later. Gaming machine tax—

**Dr McFETRIDGE:** Sooner, I hope.

**The Hon. A. KOUTSANTONIS:** I doubt that very much, not with the current leader you have. The thing about it is—

**Dr McFETRIDGE:** Just answer the question, Tom. We will talk about that later.

**The Hon. A. KOUTSANTONIS:** I am glad you raised it, because the credibility gap that the opposition has can only be bridged by one person, and that is you, member for Morphett: the one man everyone in this parliament completely respects.

**Dr McFETRIDGE:** I know love is in the air, but—

**The Hon. A. KOUTSANTONIS:** Gaming machine tax revenue for 2008-09 (clubs and hotels) is estimated to fall short of the 2008-09 budget estimates by about \$5 million, or 1.7 per cent, reflecting the general slowing in economic activity. Overall taxation on gaming machine gambling (clubs and hotels) declined by 3.5 per cent in 2008-09 when compared with the 2007-08 outcome, reflecting the impact of the first full year of operation of the smoking ban, which came into effect on 31 October 2007 and the general slowing in economic activity.

In 2009-10, gaming machine tax revenue is forecast to grow by 1.8 per cent, below long-term trend levels, reflecting the general slowing in economic activity. Underlying net gaming revenue (NGR) growth is anticipated to recover from 2010-11 as the economy recovers. Estimated growth in tax revenue is stronger than growth in underlying net gaming revenue because of progressive rate structures of taxes on gaming machines in hotels and clubs.

The estimated result for the casino tax is consistent with the 2008-09 budget. In 2009-10, casino tax revenue is forecast to grow by 3 per cent, below long-term trend levels, reflecting the general slowing in economic activity. Underlying net gaming revenue growth is anticipated to recover from 2010-11 as the economy recovers.

Gambling tax revenues from SA TAB are forecast to fall over the forward estimates period, reflecting the government's decision to assist the South Australian racing codes by replacing the wagering tax on SA TAB race betting operations with correspondingly higher distributions from the SA TAB to the racing codes. Changes to SA TAB wagering tax on racing commenced in 2008-09, with the wagering tax on racing reduced from 6 per cent to 3 per cent, with it to be phased out by 1 July 2012.

Just generally on gaming machines in hotels and clubs and the smoking ban, from 31 October 2007, the proportion of gaming machines in smoke free areas increased to 100 per cent.

The smoking ban was expected to reduce gambling expenditure in 2007-08 and 2008-09, causing a one-off decline of 15 per cent in gaming machine NGR in a full year. Experience since the introduction of the full smoking ban in gaming venues suggests that the allowance made for a 15 per cent fall in annual net gambling expenditure in gaming premises as a result of the complete smoking ban remains appropriate. The full non-smoking regulation commencing 31 October 2007 impacted Casino earnings in 2007-08 and 2008-09.

**Dr McFETRIDGE:** This question follows on from the numbers of gaming machines. I refer to Budget Paper 4, Volume 1, page 3.23, Program Performance Information, which states:

A draft bill to amend the Gaming Machines Act 1992 to enable greater trading of gaming machine entitlements and effective implementation of the 3,000 reduction in machine numbers and improve licensing and development approval processes was released on 22 September 2008. Submissions are currently being considered.

Where are we with that now, minister? We can all vote to remove the cap.

**The Hon. A. KOUTSANTONIS:** The results of the consultation, I am advised, on the proposed amendments to the Gaming Machines Act has been considered. The amendments aim to improve responsible gambling environments and reduce costs and risks associated with regulation. It is an important piece of legislation and I want to make sure that we come up with a responsible and workable package of amendments. While consultation on the proposed amendments was taking place, the Productivity Commission announced that it would be undertaking an update on its 1999 Inquiry into Australia's Gambling Industries. A report of that inquiry is due in February 2010. Initially, it will report in November this year. So, that is why.

**The CHAIR:** The time agreed for examination of these payments having expired, I declare the proposed payments for the Independent Gambling Authority completed and proposed payments for the Attorney-General's Department and Administered Items for the Attorney-General's Department adjourned and transferred to Estimates Committee B. Thank you, minister; thank you, advisers.

**The Hon. A. KOUTSANTONIS:** I take the opportunity to thank the shadow minister. This is a much more civilised committee than the previous committee into corrections. I have noticed what a calming effect the member for Morphett has on the member for Hammond. I want to thank the commissioner, Mr Chappell, and, of course, Kym Della-Torre and all the officers in Treasury, the Attorney-General's Department and DFEEST for all the work they have done in preparing me for my first estimates.

I want to thank them all for the hard work they do, including you, Madam Chair. I invite all members, including my favourite members, the members for Torrens, Norwood and Newland, to have some refreshments with me.

**Dr McFETRIDGE:** I would love to join the minister for drinks, but I am about to catch a plane to see my new grandson, Harry McFetridge, who was born last Wednesday morning. I am looking forward to seeing him tonight. Thank you.

At 17:33 the committee adjourned until Monday 29 June 2009 at 13:30.