

**HOUSE OF ASSEMBLY**

Wednesday 18 June 2003

**ESTIMATES COMMITTEE B****Chairman:**

Ms G.B. Thompson

**Members:**

Ms L.R. Breuer  
 Ms V. Ciccarello  
 Mr M.L.J. Hamilton-Smith  
 Mr M.F. O'Brien  
 Mr G. Scalzi  
 Mr I.H. Venning

*The Committee met at 11 a.m.*


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South Australian Tourism Commission, \$43 159 000  
 Minister for Tourism, \$4 862 000

**Witness:**

The Hon. J. D. Lomax-Smith, Minister for Tourism,  
 Minister for Science and Information Economy, Minister for  
 Employment, Training and Further Education.

**Departmental Advisers:**

Mr W. Spurr, Chief Executive Officer, South Australian  
 Tourism Commission.

Ms B. Dewhurst, General Manager, Australian Major  
 Events.

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

Mr A. Wroniak, Manager, Business Services, South  
 Australian Tourism Commission.

**The CHAIRMAN:** As you probably know, the estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or to answer questions. The committee will determine an appropriate time for consideration of proposed payments to facilitate the changeover of departmental advisers. Have the minister and the lead speaker for the opposition agreed on a timetable for today's proceedings?

**The Hon. J.D. LOMAX-SMITH:** I think we have agreed.

**Mr HAMILTON-SMITH:** Yes.

**The CHAIRMAN:** 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 25 July. I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each. There will be a flexible approach to giving the call for asking questions based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of

the committee may, at the discretion of the chair, ask a question.

Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the assembly *Notice Paper*. There is no formal facility for the tabling of documents before the committee. However, documents can be supplied to the chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister, not the minister's advisers, through the chair. The minister may refer questions to advisers for a response. I declare the proposed payments open for examination and refer members to appendix D, page 2 in the Budget Statement and part 12, Volume 3 of the Portfolio Statements. I now call on the minister to make an opening statement.

**The Hon. J.D. LOMAX-SMITH:** As we all know, tourism is a key economic driver in South Australia. According to our tourism plan for 2003-08 (which I launched this year), the visitor expenditure in this state's tourism industry was \$3.4 billion in 2001 and the industry in general employs 44 000 people. However, it is true to say that all those people who benefit from tourism dollars are not necessarily in what would be described as the tourism industry—many of them are involved in everything from delis to petrol stations and other industries in regional and rural South Australia. Tourism is particularly important to the state's economic and social development because of the way in which those dollars spread through regional and rural areas. The industry is in itself resilient. Despite the current international climate and global issues ranging from wars, terrorism and SARS, it is an industry which traditionally has bounced back after periods of depression and international crisis.

South Australia's \$5 million secret drive campaign was launched last November and was fortunate in that it was ahead of the interstate operations which recognised that, with a fall in international tourism, it was necessary to push the domestic market more heavily. This domestic campaign really underlines the viability of the SA tourism industry because 80 per cent of our visitor nights are from Australian visitors. Particularly, I suppose, those nights are at threat because more aggressive campaigns are now starting across the country. The budget strategies for the coming year relate to niche marketing and reflect the tourism plan's agenda in that there should be a collaborative effort between local government, industry and the state government. The budget is a long-term strategic one. It is not about big buck solutions and big infrastructure investment opportunities: it is rather about tailoring opportunities to niche strengths.

Of course, these are: wine and food tourism—the authentic natural experiences rather than hall of fame type huge infrastructure investments; supporting indigenous tourism; and supporting events and festivals across the regions. We are particularly moving towards more investment in outback tourism. The budget initiatives that support the industry in the tourism plan have an aspiration of increasing visitor expenditure by \$5 million in 2008. That is by increasing numbers but, most importantly, by increasing the length of stay and, therefore, increasing the tourism yield. To do this, there are immediate and long-term measures for a sustainable tourism industry.

The budget this year includes some new initiatives. They are a \$250 000 campaign over two years to encourage visitors to stay longer, the reason being that, with relatively few international flights—around 3 000 seats a week coming into Adelaide as compared to 180 000 on the East Coast—there is a disincentive for and a certain impediment to international tourists and, on top of that, there has been a decline in the domestic airline industry. The argument is that it is easier to keep a customer than to get a new one, so it makes sense to market so that those we get stay longer, particularly those people who will be coming for business conventions and special events but also graduation ceremonies and to visit their children who are studying here, and there are 8 000 people in that category.

We have also invested \$500 000 in intrastate marketing to encourage more South Australians to discover their own state, and this will be matched by the 12 regional marketing committees who will, therefore, produce a pool of \$1 million to encourage South Australians to visit our regions. In addition, we will have ongoing funding for our major events arm, and an extra \$2.5 million a year will go into the budget from 2005-06. This will allow the AME to develop existing events and bid for new events in the out years. Regional funding will be enhanced. The state holds about 500 events currently, and 49 of these in the last year were supported by the SATC regional events and festival events program to the tune of \$411 000. This support will continue in 2003-04. This is an additional ongoing funding for the minor tourism development fund amounting, I understand, to \$1.055 million for the coming financial year. This fund was due to finish this year, but will continue.

There is an additional final funding of \$2.7 million for the three-year outback infrastructure fund, and we will be working collaboratively with the Australian Tourism Commission (ATC) on its One Australia initiative. This seeks to attract international visitors and, as part of that strategy, SATC representatives will work closely with the ATC in both Singapore and London, and in the out years, when the international situation allows, we intend to have ongoing representation in the ATC Shanghai office. These initiatives are part of the picture that should build our industry in a collaborative manner by allowing us to work together with local government, industry and the regional boards to provide a sustainable tourism industry into the future.

**Mr HAMILTON-SMITH:** We thank the minister for her opening remarks. Tourism has been one of the victims of this government's budget strategies in its first and second budgets. During these estimates last year, the opposition pointed to \$16 million worth of cuts from tourism. The government argued it was slightly less, but it was clear that far less was being spent by this government on tourism. This budget takes those cuts further. There are further significant cuts, particularly to tourism infrastructure, with new projects and new programs not being announced to replace projects and programs that are winding up. There are further cuts to marketing. There are further cuts to tourism business development. However, most importantly, there are cuts to tourism events. Before today's announcement regarding the horse trials, those cuts came to around \$8.7 million, that is, \$8.7 million or so of reduced spending, and we will explore that during estimates.

The government has not replaced successful events such as Encounter 2002 and the Year of the Outback with new event ideas. The government has also thrown into doubt a range of other major events such as the Rose Festival, the

Classic Adelaide Rally and, of course, the international horse trials, and I will come to that in a moment. One of the first acts of this government was for the tourism portfolio to divest itself of the Clipsal 500 motor race which was despatched to the Treasurer, taking away important synergies that had hitherto existed within the tourism portfolio with regard to that event.

The government's events program is in chaos. The Australian Major Events (AME) advisory board was disbanded as an early act of this government, and funding to events has dwindled. That has never been more evident than in regard to the horse trials. I have a media release in front of me today from the government announcing one of the most massive backflips in tourism that we have seen in recent years. The government made a reckless decision earlier this year to cancel a fantastic event. It did so with very little consultation with the equestrian community. We know that because the equestrian community has made clear to us that there was little consultation. Not only that, the government failed to consider the impact of its decision on Australia's participation in the Athens Olympic Games and put at risk the only significant four-star event in the southern hemisphere, an important work-up event for our Olympic equestrian team, for both its selection and trials. Not only that, the New Zealand equestrian team has been affected by this decision which, as it has been shown, was wrong, reckless and silly. The minister fell out of the saddle at the first hurdle on this. The event should never have been cancelled.

The sum of \$650 000 was there in 2003-04 for this event. It was within the minister's portfolio. The minister had the money. There was no need to cancel the event at a few months' notice. As it turns out, the minister has been forced to realise it was a mistake. The opposition tabled a 6 000 signature petition in parliament. The opposition moved a motion condemning the government on its decision. The government and the minister have been asked a series of questions on the decision, which have not been adequately answered and, finally, now the government has realised what everyone else knew all along—that that event in this year particularly should not have been cancelled and that it should have continued to be funded in the out years. It is a major mistake in tourism. It is a significant backflip. It represents reckless and careless decision making on the part of the government with regard to tourism. It is further evidence of chaos within the tourism portfolio, and the disinvestment which the government is implementing with regard to tourism, which the opposition, and many in the tourism industry who have approached the opposition, hope will be reversed in the 3rd and 4th budgets of this government in its first term.

**The CHAIRMAN:** Member for Waite, would you like to proceed to ask a question?

**Mr HAMILTON-SMITH:** I will start with the horse trials. Minister, could you explain how it was that the government decided to defund the horse trial? I think \$1.925 million was to be saved over the next four years. I refer to Budget Paper 4, Volume 3. Why has the minister changed her mind? What facts have come to light now that were not evident when the original decision was made that have caused you to change the government's position, and what is the government's position now on that event?

**The CHAIRMAN:** Member for Waite, can you be a bit more specific with your reference please?

**Mr HAMILTON-SMITH:** Let us go to Budget Paper 3, page 2.32. At the top of the page it refers to Australian Major Events. Page 2.31 states:

Australian International Horse Trials—no further state funding support.

**The Hon. J.D. LOMAX-SMITH:** I must begin by helping the member for Waite because, clearly, he does not understand the budget papers. He did not understand last year and he does not understand this year. He clearly has an issue in understanding capital and operating costs. He clearly does not understand that transferring a function from one portfolio to another does not slash the budget, harm the event or prevent tourists visiting South Australia. I might point out—

**Mr HAMILTON-SMITH:** I have a point of order. I am asking a question on a specific page and a specific budget line to do with the Adelaide International Horse Trials. The minister has made a statement. Chairman, I ask you to direct the minister to answer the question.

**The CHAIRMAN:** There is no point of order. You are aware that the minister may choose how she answers the question.

*Mr Scalzi interjecting:*

**The CHAIRMAN:** Order!

**The Hon. J.D. LOMAX-SMITH:** It is quite clear that this government has a practice of working across portfolios. The fact that education runs edu-tourism activities does not mean that they are not capable of doing the marketing. Tourism happens to work very closely with education, notwithstanding the fact that I am the minister for both. It does not make any difference that the Office for Recreation and Sport runs the trails and outdoor activities program in its portfolio, and it does not prevent the tourism department helping in the marketing. The events are run across portfolios. Similarly, it does not make any difference that the Naracoorte Caves and all our national parks are run by the Department for Environment and Heritage. It does not matter that they are not owned and managed by the tourism department because, in fact, tourism works collaboratively. I clearly recognise that the previous government could not understand this, so perhaps that is why the member for Waite does not appreciate that having portfolio responsibilities does not prevent departments working collaboratively. In fact, our government does that across the board on all occasions.

The other issue from which I will not resile and which I will not accept is the continuing misinformation. I do have in my background the experience of being a long-term teacher, so when faced with ignorance I do try to help—so I will persist. I have to say that last year the member for Waite repeated endlessly his comments about a \$16 million cut to tourism. It is worth pointing out that he mentions that figure, yet again. He really needs some assistance. He does not seem to appreciate that when an event moves to a different portfolio, the appropriation does not remain with the first portfolio. He does not appreciate that when an event that requires capital funding has been completed, and the capital has been expended, you cannot expend the same capital twice. He does not understand that when a four-year infrastructure fund reaches the last year, you cannot build the infrastructure more than once. He certainly does not seem to understand that it would be inappropriate to run Year of the Outback events in a year when it was not the Year of the Outback.

In relation to the funding changes last year, there was an argument about this mysterious fixation on \$16 million. In fact, it became so apparent that the member for Waite was unable to understand the budget documents that the Chief Executive wrote a letter to him, and even had a meeting

where he tried to explain the budget documents. I understand that the CEO has teaching experience, but even he could not make the member for Waite understand that part of the reduction of what was \$12.668 million, I am informed, comprised a \$3 million completion of a four-year Kangaroo Island infrastructure fund; \$1.95 million, transfer of SA Motorsport Board; \$1.2 million, conclusion of the outback events; and \$1.125 million, reduced costs because Australian Major Events had stopped running Encounter 2002 because it then became 2003.

Tasting Australia was not operating in that year, and I understand the World Solar Challenge was not operating, either. Some \$800 000, which went into infrastructure upgrades at the Head of the Bight, was a one-off payment; there was a \$700 000 reduction in general infrastructure funds, which was a project funded over two years; there had been a reduction in interstate and international marketing, which had been a one-off special fund after 2000; and there was a one-off sponsorship support of \$415 000 for the Adelaide Festival of Arts, which could not occur in the next year because we did not have a festival. In addition, we transferred Hindmarsh Stadium, which affected appropriation by \$2.321 million, I understand. There was a \$173 000 additional appropriation received to reimburse the costs of implementation of the GST.

If the member for Waite had teased out the agency savings, the savings were \$1.591 million. The reason that the actual appropriation decreased by \$13.775 million, I am informed, is that there was additional revenue of \$1.107 million, which comprised \$300 000 to replace the visitor travel centre computer-based reservations system; \$150 000 to support Mount Lofty Summit; \$200 000, infrastructure improvements to Hacks Point; \$399 000, inflationary increases; \$50 000, World Police and Fire Games; and an \$8 000 accrual appropriation increase. That is the historic misunderstanding by the member for Waite. I am not sure where the \$8 million has come from this year. It does not tally with any of the matters I can recognise in our budget documents, but may be the member for Waite could explain where that figure came from at another point.

In relation to the horse trials, the actual question was when did we realise that the event could not be staged at Gawler or Oakbank. I think that was the crux of the question. We discovered that on Monday evening.

**Mr HAMILTON-SMITH:** Why have you backflipped on the horse trials? You say you have only just found out that the event could not be staged at Oakbank or Gawler. What consultation did you engage in with the Equestrian Federation, the Australian Olympic Committee (in so far as it is involved in equestrian events), with your colleague, the Minister for Recreation, Sport and Racing and the relevant authorities prior to making your initial decision, so that you might have had some forewarning about Gawler. I understand Gawler is now a development site; I think the site has been built on—I may be wrong and please correct me if I am. I understand a trip in a car would have established that location is no longer suitable. In relation to the Oakbank site, I imagine research could have established that was unsuitable. Is it not better to research these things before defunding events, rather than to find out at the 11th hour that the other locations are not suitable.

Also, in your answer, it did not seem to me, when this was first mooted, that your concern was that the event go ahead. It seemed to me your concern was to excise the money from the budget and leave the Equestrian Federation to struggle on

its own. There was no funding there, and the budget papers show that, beyond 2004-05.

**The Hon. J.D. LOMAX-SMITH:** Clearly, the member for Waite is not in good communication with his colleague the member for Newland, who, I understand, has all the documents on the background to this decision. Clearly, she has not shared them with him. I will try to explain the background to this decision making process.

We have reviewed all the events and all the actions of our department as a way of deciding whether we are spending money wisely, and the economic impact of all our sponsorships. The full economic impact study that was conducted for the International Horse Trials last year was presented to the SATC at the beginning of this year and it was decided that it was not a viable event in terms of economic impact and return to the community. That is not to say that it was not a well managed, safe and good horse event. It is not to say that it was not a good equestrian event that was enjoyed by participants and spectators. The advice to me was that there should not be ongoing support for this event.

My decision was that it would be quite unacceptable to stop the event and give it no potential to continue, because of the equestrian and community support for it. My view was that we had to find an interim rescue package that would allow the event to be viable. All the evidence we had from the FEI (Federation Equestre Internationale) and the Equestrian Federation of Australia at that stage, through all the organisations we spoke to, was that both Gawler and Oakbank were viable. The view about the lost land at Gawler was, naturally, of some concern, but perhaps the member for Waite does not know that there have been changes to international equestrian management structures, the courses have now changed and the events have now become smaller.

So, the advice from the Equestrian Federation of Australia, those people involved in star ratings and the local experts, the mayor of Gawler and the organisers of Oakbank, and all the horse experts with whom we conducted discussions was that the two proponents of other sites offered viable alternatives. Our view was that we could reinstate a community event because, having taken a community event from a regional site, having had it for six years, I think it would have been unacceptable to say that we would not support a transition period. Right up until Monday evening we had been told by the best advice we could get from the equestrian community that either location was quite suitable.

Therefore, it was a shock to all of us to learn on Monday evening that the chairman of the FEI eventing committee and our international course designer believed that the sites were too small. Interestingly, one of the sites had a better capacity for the public but, as I understand, Oakbank had enough room for the course but not enough for the public. And the whole point of running an equestrian event was to have public access, public parking and public experience of the event. Having had a commitment to the event, I do not resile from that commitment. Our commitment has always been absolutely clear: the Adelaide International Horse Trials did not cut the mustard as a tourism event or as an attractant of interstate and international visitors. Despite our best endeavours, there were little more than a thousand people visiting the state for the purpose of attending this event.

It did not cut the mustard but it is a very good community equestrian event. We still believe that there is an opportunity for it to survive, but it should not be seen as a tourism event into the future. Again, we are trying to support a regional-

style community event into the future. So, I do not resile from my statement: it is not a tourism event.

**Mr HAMILTON-SMITH:** Several of the consultations that the minister just mentioned clearly occurred after her decision earlier this year to cancel the event. I accept that, after the minister made the announcement that the event would not be funded, she learned a lot more about the running of these events and the impact of the decision. Before the minister made the decision, who did she meet with? How many meetings did she hold with the Equestrian Federation, with the Australian Olympic Committee and with the various other bodies that could have made clear to her that this was a very high risk strategy that threatened the viability of the entire event? Who did the minister meet with? I accept that she may not be able to provide this information now but, if she can, that would be great.

When did the minister meet with them? How thorough were the minister's consultations? Did she consider the prospect that it would scupper the event totally and would have a terminal or significant impact on our Olympic preparations? If the minister recognised that her decision not to fund could scupper the event and that it could vitally and fatally impact on our Olympic preparations, why did she not hold her decision until she had adequately researched it? I accept that the minister has since found out a lot more, but good government surely is about making sure that every t is crossed and every i dotted before these decisions are made. The whole problem has been created by the government's own decision to cancel the event before fully understanding the impact of that decision.

**The Hon. J.D. LOMAX-SMITH:** Clearly, the member for Waite has not had much experience at organising major events—

**Mr HAMILTON-SMITH:** On a point of order, I am asking questions. The minister is displaying great arrogance and great superiority. Madam Chair, I ask you to bring the committee to order. Let us get on with the business. We do not need the show pony. Can she just get on with answering the questions?

**The CHAIRMAN:** There is no point of order.

**Mr HAMILTON-SMITH:** Madam Chair, I am calling on you to bring some order to the committee. Please let us get on with the questions. The arrogant, superior comments from the minister are simply not needed.

*Members interjecting:*

**The CHAIRMAN:** Order, the member for Waite! You have not raised a point of order. You have asked for the committee to proceed, and the minister has the call—

**Mr HAMILTON-SMITH:** The rules of debate do refer to quarrelling. I will ask the questions: I would just like the answers. I do not need quarrelling back from the minister. I do not need superior, arrogant remarks. Can we please get on with the business of the committee?

**The CHAIRMAN:** It is the member for Waite who is not conforming. You asked a question. A point of order is a point of order, not a debate. The minister will please resume answering the question.

**The Hon. J.D. LOMAX-SMITH:** The issue is that, in dealing with sponsorships, the proponents are always aware of the management issues and the problems involved in an event. I am informed quite clearly by the General Manager of AME that the equestrian committee always knew that this event struggled. It has always known that it did not generate major visitation numbers. In fact, anyone who knows anything about eventing around Australia would know that

any major equestrian event struggles to get a large gate. It struggles to get paying customers and, even in Sydney, the turnout for events is incredibly small. I have had it quoted to me, although it may not be true, that they are lucky to get 500 people to watch an equestrian event.

Clearly, that is an issue across the country. Unlike football or the Clipsal 500, there is not a large turnout of paying customers at these sorts of events. People will go when it is free, as they do to our event, but to gate an event such as this is not a viable option. Having said that, the Equestrian Committee in South Australia knew that this struggled as a tourism event. I took the advice of the commission, knowing that its assessment of the event was done with great care and diligence.

This event does not cut the mustard as a tourism generating event. It is, however, a very good community event, and my desire was to return this event to the community—not cut them adrift, not stop this year. I want longevity, viability and sustainable eventing, because I recognise that these types of events occupy a very serious place in the community's calendar. This event occupies a serious place in eventing life, and we wanted to have a sustainable event. To do that, we had to negotiate with a range of people. My understanding, from discussion about those consultations, was that there has never been any view expressed by the people involved in these events that there would be no Olympic selection if there was no four-star event in South Australia.

In fact, you might say that it is not Tourism South Australia's role to sponsor Olympic selection events. This was not necessary, as I have been informed that the selection process has continued apace with or without this event. The reality is that we were given the best information from throughout Australia that another event could be staged and given a four-star ranking. We were happy with that information, because it came from the Australian experts and we were told that this was the best information available. One always has to take the advice of the experts, and that is what we did. As it turned out, that advice was not true. When we learnt that on Monday evening we moved swiftly to guarantee that an event would occur this year and that there would be the capacity for a partnership to continue in our years. So, a decision has been made, the issue has been managed in the way that we could with the information that we had, and I do not resile from that.

**Mr HAMILTON-SMITH:** I ask a supplementary question on behalf of the industry and to establish the facts. I refer to page 2.31 of Budget Paper 3. Is the impact of this decision on the budget that there will be \$500 000 in 2003-04 and \$300 000 in each of the years 2004-05, 2005-06 and 2006-07? If so, according to my calculations, that will leave your budget short by about \$900 000 or so. Given that you have reinstated this event, I wonder what effect that will have on the budget. First, can you assure the committee that the funding will be there for the next four years; and, secondly, will you explain what impact that will have on the budget, because it may leave you short given that you have budgeted for the excision of that whole amount of \$650 000 in each year and virtually in the second, third and fourth years?

**The Hon. J.D. LOMAX-SMITH:** As will be seen from table 2.19 (page 2.31), we had factored in savings in the out years. To explain why we still had \$625 000 in this year's budget, it was, if you like, an investment fund for the next four years. We had budgeted to give a sliding scale of funds to the new owners and managers of the event over four years. That was to be the seed funding to allow that to occur. We

had discussed the matter with the various groups and had expected to allow \$250 000 this year and then \$150 000, \$150 000 and \$75 000, so that we would have spread \$625 000 as a commitment over four years.

This year we will have some carryover to next year. There will be \$175 000 required next year and \$300 000 for each of the two final years of the cycle. This negotiation has been carried out through Treasury. In the out years we had always envisaged that this would not be AME funding but, in the future, the event, had it been at Gawler or Oakbank, would have been eligible for regional events funding, because that is where it belongs.

**Mr HAMILTON-SMITH:** With the same funding for those three years to come?

**The Hon. J.D. LOMAX-SMITH:** We are negotiating on that now, but only of course if there are suitable partners.

**Ms CICCARELLO:** I refer to Budget Paper 4, Volume 3 (page 12.11)—Program 3, Tourism Events. How has Australian Major Events contributed to the economic benefit of the state in this financial year?

**The Hon. J.D. LOMAX-SMITH:** The event which the member for Norwood is most fond of, the Jacobs Creek Tour Down Under, is one of a suite of Australian Major Events activities that have occurred during the last year, but there has also been sponsorship of other events such as the AAPT Tennis Championships. Together, this support has generated significant benefits for both Adelaide and regional areas. For example, it is estimated that, in this financial year, a total of about 27 000 visitors from overseas and interstate came to South Australia specifically for the purpose of attending an event supported by AME.

A total of \$33.45 million in direct economic benefit to the state was generated by these events which were managed and sponsored by AME. AME will continue to bid for major events that will deliver a return on investment to the state and is currently planning bids for forthcoming events, including looking to the longer term with the knowledge that there will be funding support of an extra \$2.5 million for 2005-06 and onwards. AME is also looking at other ways of developing existing events with the particular aim of increasing the number of visitors and their length of stay in South Australia. For example, this year there will be a promotional launch in July of the 2004 Jacobs Creek Tour Down Under, which will include a number of initiatives aimed at attracting more visitors and spectators to this event, thus generating jobs and promoting South Australia within Australia and internationally.

**Mr O'BRIEN:** My question relates to the same volume and the same program. What is the government doing to encourage the development of major events to attract tourists to South Australia?

**The Hon. J.D. LOMAX-SMITH:** Effective major events are a drawcard for visitors to this state. Tourists generate widespread economic benefits to the state. Since 1995, AME has helped to attract and develop events that have generated \$373 million for the economy. A key to this success is long-term planning in terms of calendar events throughout the year and an overall calendar from year to year to even out the impacts of new and special events. It takes time to find and develop major events that attract tourists, generate jobs and spread tourism dollars into city, regional and rural areas. That is why in a long-term approach we have increased the ongoing base funding of Australian Major Events. It will mean an extra \$2.5 million a year from 2005-06 and the

capacity to plan ahead after the current temporary funding to AME expires in 2004-05.

This will allow AME to further develop events such as the Jacobs Creek Tour Down Under and Tasting Australia and also to seek new major events. In the immediate future, we have some superb major events coming up which will attract particular niche markets. Our calendar for October-November includes: Tasting Australia, the World Solar Challenge, the Credit Union Christmas Pageant, and the Rugby World Cup 2003. The long-term funding of these events will allow us to continue this successful run.

**Ms BREUER:** How are ticket sales progressing for the two 2003 Rugby World Cup games, which Adelaide will host?

**The Hon. J.D. LOMAX-SMITH:** The Rugby World Cup in 2003 will be the biggest sporting event to be staged in Oceania between now and the Commonwealth Games in 2006. It is the largest sporting event in the world this year. The Rugby Cup is claimed to be the world's third most significant sporting event on the basis of the size of the television audience typically attracted. AME has secured the rights for Adelaide to host two matches: on 25 October, Australia versus Namibia; and on 26 October, Argentina versus Ireland.

Both matches will be played at the oval, which will hold 33 000 spectators. As the host union, the Australian Rugby Union has the rights to sell 50 per cent of the tickets, and the remaining 50 per cent remain with the International Rugby Board, although it is expected that a number of those will be released to the Australian union and will be on sale to the general public after 18 August. The Australian Rugby Union advises that ticket sales to pool matches have exceeded expectation, particularly in Adelaide, the matches here being the only two of the 40 matches across Australia that have sold out for all the tickets that have so far become available. The ticket sales so far are 18 461 for the Namibia match against the Wallabies and 18 205 for the Argentina v. Ireland match. This information has come to the AME from the Rugby Union Board and gives some basis on which to calculate the economic impact.

It would appear from the figures we have been given that 23 per cent of the ticket holders for the Namibia v. Wallabies match are from interstate, while for Argentina 30 per cent are from interstate. Approximately 25 per cent of these interstate ticket holders are attending both matches, suggesting that the number of visitors the Cup event will attract could be more than 9 000. While we may not know international ticket sales until July, the Rugby Union Chief Executive indicated during his recent visit to Adelaide that it would be reasonable to anticipate that at least 6 000 international visitors would come to each match. The economic benefit to the state is estimated to be about \$6 million, but it could exceed this initial projection. The ARU is expecting some 198 accredited media to be in Adelaide for the World Cup. The television viewing audience said to have seen the 1999 Rugby World Cup was 3 billion across 209 countries, which reflects its enormous potential to promote Adelaide as a premier location for successful major events.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 3, page 12.4, which is the program net expenses summary. Actual expenditure in financial year 2001-02—the last year of a Liberal government—was \$55.017 million, but in financial year 2003-04 this Labor government plans to spend only \$43.25 million. That is a cut in overall spending into the tourism economy of \$11.497 million. I note the

minister's earlier remarks about certain events having being run in 2001-02 by the former Liberal government that may not be run now. I ask her to explain what net expenditures have been cut or reduced to achieve this outcome.

The point I am trying to seek classification on is that two years ago the former government was spending \$55.017 million on a whole range of activities—tourism developments, events and so on—now there is this drop of \$11.4 million. Why have we not developed new events, new tourism development propositions or new ideas to fund so that we maintain that spending level at \$55 million? Why has there been this \$11.5 million drop over two years?

**The Hon. J.D. LOMAX-SMITH:** In referring to page 12.4, Budget Paper 4, Volume 3, the member for Waite will understand that he is discussing net expenditure, and I draw his attention to that point. The net decrease of \$11.497 million comprises certain decreases related to the completion of projects and, overall, the completed project level is \$20 338 million offset by increases of \$8.886 million. Between 2001-02 and 2003-04, the tourism development fund saw a decrease of \$9.276 million due to the completion of the Kangaroo Island infrastructure fund; the money was spent and, its having been spent, we could not invest in those capital works twice.

Similarly, there was a decrease of \$800 000 due to the completion of the Head of the Bight infrastructure facilities; there was a reduction to the general infrastructure fund of \$2.3 million. Also, having sunk the *Hobart* once, we did not have the option of sinking it again, so we could spend that \$750 000 only once. Similarly, there was expenditure of \$400 000 in grants from the Department of Economic Development for the Pichi Richi Railway, and the \$545 000 decrease due to the savings from the tourism roads grants program, whilst \$1.481 million is a decrease in carry-overs from 2001 to 2002.

On top of that, this was offset by increases of \$6.098 million, and that is because there was a \$700 000 increase in the outback infrastructure fund, its being the final year of that sponsorship; \$55 000 increase to the minor infrastructure fund; and a \$5.108 million increase in carry-overs transferred from 2001 to 2002. There was also an increase of \$125 000 per year as part of the \$250 000 for the so-called 'Linger Longer' campaign, with a \$110 000 increase due to inflation offsets, I understand, by decreases due to operational savings.

Part of this also relates to the \$5.961 million decrease in tourism events. I understand the member for Waite has difficulty grappling with that issue, in that the \$2.321 million removed from our budget goes into recreation and sport for the Office of Venue Management, and that related to the purchase of the Hindmarsh stadium and operating expenditure. Some \$1.950 million reduction in our funding occurred because of the SA Motor Sport Board's being administered by a different department and \$415 000 one-off sponsorship to the Adelaide Festival, with a \$875 000 decrease because of temporary event bidding and sponsorship funding changes. In addition, there was a \$100 000 decrease, because we have reached the end of the cycle of the Barter Card Glenelg Jazz Festival, and there has been a \$300 000 decrease only due to savings.

In addition, this \$5.961 million decrease in tourism events was offset by increases of \$260 000 due to inflation and other minor changes. Another part of this budget line was the \$5.146 million decrease in tourism marketing between 2001-02 and 2003-04 which is due to a \$1.2 million decrease in funding for the Year of the Outback events. We cannot

fund it when it is not the Year of the Outback. There was also a \$700 000 decrease in funding for international marketing projects. This was funding approved from the 2000-01 year to assist SATC in accessing different overseas markets and to combat the weakened Australian dollar. The dollar has now risen somewhat.

In addition, there was a \$2.5 million decrease in funding for international and intrastate marketing projects. This was a two year program to increase marketing within the state and overseas, and it received \$2.5 million in 2001-02 and \$2 million in 2002-03. In addition, there has been a \$746 000 decrease in funding as a result of savings. This decrease has been offset by an increase of \$2.117 million in tourism marketing. The additional expenditure is a \$500 000 increase in 2003-04 funding for intrastate marketing. This has been used for visitor information centres (VICs) and increased support for regional events and festivals as well as continued support to regional marketing committees. In addition, there has been an increase of \$300 000 over two years or \$150 000 in each of the next two years for the Mount Lofty summit development.

There has also been a half million dollar increase in carry-overs from 2003-04 of international marketing funds. The reason this money was carried over is self-apparent: there has been a decrease in international travel, and because of the SARS epidemic there was money that we decided not to spend in the last three months until those events had subsided. In addition, there was an increase of \$967 000 for inflation and other miscellaneous funding changes.

Included in the figures that I have described over the two years are savings of \$1.691 million. This includes: \$545 000 for a cessation of the tourist road grant program; \$250 000 in savings for rental reductions (having relocated our visitor and travel centre to King William Street); \$200 000 following the closure of the specific office in Japan; \$100 000 for the Melbourne based trade marketing office; a reduction of \$300 000 in targeted consultancies; \$78 000 in targeted voluntary separation payments; \$118 000 from other savings through the review of contracts; and \$100 000 from event sponsorship.

I understand that, in addition, there was a \$411 000 increase in strategic advice between 2001-02 and 2003-04. This was due to an additional \$150 000 being provided for regional tourism strategy grants. Other increases have occurred in increased research report costs, salaries and wages, and due to enterprise bargaining and other operating costs due to inflation.

**Mr HAMILTON-SMITH:** I accept the point that some money has been transferred to other portfolios but for some of the examples that the minister has given (for example the Kangaroo Island infrastructure fund, the sinking of the HMAS *Hobart*, the Year of the Outback, international marketing initiatives, the cancellation of the road grant program, the office in Japan, \$100 000 cut from contracts and another \$100 000 I think it was from event sponsorship), while I take the point that you cannot sink the *Hobart* twice or run the Year of the Outback every year, if that expenditure level were maintained could we not create new events to replace those? If we cannot sink the *Hobart* twice what we can do is create some new idea that is to the benefit of tourism; if we are cancelling the road grant program maybe there is another infrastructure goal that is important that should be met. The fact that this decrease in dollars going into the tourism economy has occurred is disappointing.

However, to move on: Budget Paper 4, Volume 3, the same page (12.4), indicates that the budget for financial year 2002-03 just completed was \$49.793 million but, looking at the estimated result for that year, it appears that we are going to spend only \$48.059 million. That is an underspend of \$1.734 million, and I ask the minister if she could explain the reasons for this underspend, and I ask whether cabinet has approved a carry-forward of that money into 2003-04. If we underspend—having already implemented some cuts—are we going to see that money carried forward or has it been, if you like, grabbed by the Treasurer and taken away from tourism?

**The Hon. J.D. LOMAX-SMITH:** This relates to our underspend of budget amounts this year. No money has been returned to Treasury—all the underspent money will be carried over. The sum involved is \$1.734 million between the 2002-03 budget and the estimated result, and this is due to several issues. There were \$3 million worth of carryovers of funds from 2002-03 to 2003-04: that is \$2.5 million for committed infrastructure projects and \$140 000 for the minor infrastructure fund, \$600 000 for the general infrastructure fund, \$1.2 million for the outback infrastructure fund, \$100 000 for the Cape Jervis and Penneshaw port facilities, \$60 000 for the Coorong Wilderness Lodge, and \$400 000 for the Head of the Bight.

In addition, there was the \$500 000 that I mentioned earlier that we did not spend for international marketing, because it was a bad time to be out marketing in the last three months, and we wanted to carry that money over if it was not spent. We are only just beginning to move back into the international market. That combined \$2.5 million and \$500 000 amounted to a \$3 million decrease in expenditure, and that was offset by some increased expenditures. That was \$1.266 million, comprising a \$666 000, I understand, increase in expenditure due to carryovers from 2001-02 to 2002-03, and they were not included in the original budget. The carryovers were originally approved at \$4.476 million but additional carryovers of a further \$666 000 were required in 2002-03 for committed projects. In addition, there were increases related to the solar eclipse. There was \$600 000 in additional funding for sewage treatment and safety precautions during that time. So, the amount that will be carried over is \$1.734 million, I understand. That was the difference in budget to expenditure.

**Mr HAMILTON-SMITH:** In the same budget paper, at page 12.7—Program 2: Budget Development, these figures show a reduced budgeted spending from financial year 2002-03 to financial 2003-04 of \$5.64 million, and I ask whether the minister could explain the reasons for this reduced spending, particularly what programs or initiatives are to be cut or not continued with.

**The Hon. J.D. LOMAX-SMITH:** I think the number you quoted may not have been correct. Could you just repeat the number you quoted?

**Mr HAMILTON-SMITH:** Financial year 2002-03 to financial year 2003-04 seems to show reduced budgeted spending. So, if you look at what you have budgeted to spend in 2002-03 and what you have budgeted to spend in 2003-04, there is quite a significant gap. I think it is \$12.107 million in 2002-03—Net Cost of Program.

**The Hon. J.D. LOMAX-SMITH:** I think that some of that was the carryover issue, that we could not spend all of the money that was budgeted. That was part of the difference between the estimated result and budget. I think that is the issue there.

**Mr HAMILTON-SMITH:** If you look at page 12.7 under Total Operating Expenses there is a figure of \$12.137 million in 2002-03 that was budgeted in expenses and then a figure of \$6.497 million in 2003-04 in expenses—without consideration of revenues.

**The Hon. J.D. LOMAX-SMITH:** That is the underspend. So the difference between the \$12.137 million and the \$10.253 million, as I understand it, is the underspend, which was part of your previous question.

**Mr HAMILTON-SMITH:** Well, it is not clear, because basically you had budgeted to spend \$12.137 million in 2002-03, and if you look at your estimated result it says \$10.253 million. That is an underspend, so you are expecting to underspend a couple of million there. But you are actually budgeting to spend in 2003-04 only \$6.497 million. So there is actually significantly more than that underspend. If that underspend is to be carried forward, I would imagine that that goes on top of what you are actually budgeting to spend in 2003-04, which is \$6.497 million.

**The Hon. J.D. LOMAX-SMITH:** Sorry, I have got the gist of it now. My understanding is that there have also been some accounting changes in that some of the supplies and services have been moved from that budget line into grants and subsidies. Part of the issue is that we have changed our accounting procedure internally. That explains the anomaly between the second and the fourth line. The \$3.756 million net decrease between 2002-03 and 2003-04 is a fall of \$5.458 million, offset by an increase of \$1.702 million. I will explain how that has happened.

The decrease is due to the completion of infrastructure projects: \$1.6 million at the end of the general infrastructure fund, which included the VICs, the Steamranger project, the Goolwa wharf and the Yorke Peninsula fund; \$750 000 for scuttling the *Hobart*; \$200 000 for the infrastructure facilities on the Coorong; \$2.608 million was a decrease in expenditure due to carryovers—and that was the carryover issue that you saw before; and a \$300 000 decrease in operating costs in employee entitlements due to restructuring the tourism industry development group. However, this decrease was offset by an increase of 1.702, comprising a \$700 000 increase to the third and final year of the outback infrastructure fund.

There is an increase of \$55 000 to the operating cost to continue the \$1 million minor infrastructure development fund, which was due to finish this year. The fund is now being approved as ongoing. An amount of \$125 000 has been provided for the first year of the Linger Longer campaign, which will be a \$250 000 campaign over two years to encourage visitors to stay longer. Then there is an increase of \$135 000 in the tourism industry development fund. Part of this is being used for the To Be campaign, which is the tourism operators education online campaign, and also the nature based tourism. There has been a \$687 000 increase in grants and subsidies for infrastructure projects and industry development projects, as well as inflation and revenue associated with changes to the projects.

**Mr HAMILTON-SMITH:** This is a supplementary question to explore that further. The minister mentioned grants and subsidies, but, if you look at grants and subsidies on that same page (page 12.7) for the financial year 2001-02, under operating expenses it was \$9.092 million—that is the last year of the Liberal government—but in 2003-04—under your budget—it is to be considerably reduced. In fact, I think it is reduced to \$4.628 million, which shows a cut, if you like, or a reduction in grants and subsidies to the industry over the

two budgets of \$4.464 million. In total terms, it looks as though the books indicate that grants and subsidies to the industry, whichever way you cut the figures, have almost been halved in the past two budgets.

**The Hon. J.D. LOMAX-SMITH:** The issue does relate to the types of investments that are available. Our whole philosophy has moved away from the big picture giant mausoleum type things such as the Hindmarsh stadium and the wine centre and we are moving towards product development and niche tourism. We recognise that international tourists need destination products, but they want an authentic, natural experience. They want indigenous tourism. They want the products developed on a different scale. Generally, we are moving towards actually promoting niches. For instance, in relation to the *Hobart*, one would not want to scuttle ships every year—and we are still developing that market. There is little point in developing large infrastructure projects unless you leverage them to produce tourism.

In the case of the HMAS *Hobart's* being sunk, it is not just one dive site that is relevant to South Australia—and I have to say that it has been a very successful sinking in that 4 500 visitors have visited the site and dived upon it—because on top of that we are saying that dive tourism is more than the sum of its parts if you put it together, and in South Australia, if you add together the leafy sea dragon, the cuttlefish, the multiple sites around Yorke Peninsula, as well as the *Hobart* and even Noarlunga, you are starting to get a tourism product which is cohesive and worth developing as a niche market. Our view has been different from that of the previous government.

**Mr HAMILTON-SMITH:** The bottom line is that the grants and subsidies on this page of the budget papers have had a 50 per cent cut in two budgets. That is the bottom line. Is it not correct that the grants and subsidies have been halved in two budgets?

**The Hon. J.D. LOMAX-SMITH:** Grants and subsidies have been modified. There has been an accounting change which has shifted money from one budget line to another and which I think muddies the interpretation of the figures, but clearly there have been changes to our strategy.

**Ms CICCARELLO:** I refer to Budget Paper 4, Volume 3, page 12.13, the program for tourism marketing, sub-program 4.1, domestic marketing. What is the government doing to increase arts tourism?

**The Hon. J.D. LOMAX-SMITH:** I thank the member for Norwood who lives in something of an arts tourism destination and who represents Norwood. In 1999, the impact of cultural tourism in South Australia was \$128 million. The commission recognises that we should be positioning South Australia as a premium destination for arts events and experiences. To achieve this, we support specific art and cultural events through AME and the regional events and festivals program. In addition, promotion through the *Secrets* campaign includes brand and specific event advertising. We attempt to support and bring national and international events and cultural media to South Australia to promote awareness of all we have to offer in this area. This year we will be marketing Adelaide as a premier arts tourism destination under the 'Heart of the Arts' brand.

This slogan will position us in South Australia as not necessarily the biggest but certainly the best. The brand will be promoted in the media as part of the *Secrets* media schedule, together with direct marketing activity. This year SATC has moved closer to the arts department and will be promoting the Festival of Arts, The Fringe, Womadelaide,



Feast, the Cabaret Festival and, of course, the State Opera with Wagner's *Ring* cycle. AME provided sponsorship of \$150 000 in 2002-03 for the two Womadelaide events—one held in September and the main outdoor event in March 2003—and, as from 2004, AME will manage the government sponsorship for Womadelaide. In 2003-04, this will total half a million dollars from the arts portfolio. In addition, SATC will provide marketing support to the event and financial support specifically for marketing to the 2004 Adelaide Festival of Arts and Adelaide Festival Fringe.

Other marketing promotional material is the new *Hip Guide to Adelaide*, in collaboration with Arts SA and Adelaide Tourism Marketing. These pocket size guides have been distributed both in Adelaide and overseas. In addition, we produced a movie map in collaboration with the SA Film Corporation, and again thousands of copies have been distributed widely across the state and local media.

**Mr O'BRIEN:** What is being done to encourage students and their families to stay longer in South Australia?

**The Hon. J.D. LOMAX-SMITH:** I thank the member for Napier for his question. I know he has an interest in higher education and school education in our state and, quite rightly, recognises that education is strongly linked to tourism opportunities. Our international tourism market has a significant role to play in getting maximum benefit out of the visitors who are attending primary, secondary and tertiary institutions. The 2003-04 year will be the first year of a two year quarter of a million dollar campaign to encourage visitors to stay longer in South Australia and visit our regional areas. The campaign is aimed at better economic return from visitors to South Australia who arrive for non-tourism activities, that is, conferences, conventions, events and business, and also the families and friends of overseas visitors living in Adelaide.

Currently, more than 8 000 overseas students study in South Australia each year and each of them receives visitors from family and friendship groups throughout the year, but especially when it comes to graduation time. The international visitors and their families contribute about \$260 million to the South Australian economy each year, and each student spends an estimated \$30 000 a year on course fees, accommodation and other living expenses and entertainment. There is an opportunity to tap into this sector by ensuring that those visitors are informed about South Australia's diverse tourism experiences. The campaign will include familiarising education agents and conference and event organisers with South Australia's tourism experiences and special events taking place at a similar time to when their events are coming up or their students are visiting South Australia.

Throughout this we have strengthened our relationships with the three universities, the TAFE and the private education sector, and we are working towards marketing to visiting parents and relatives coming to graduation ceremonies. That will include particular promotional brochures and web sites that will encourage delegates, visitors, and families and friends of overseas visitors to extend their stay and experience more of our regional events by matching the time of year they are coming with both regional and city based arts and cultural events. This information will reach them many months before they embark on their journeys so that their flight times can be arranged with the knowledge of what other opportunities are available. We are also building relationships with other departments, not just education Adelaide but universities, and the international education service of DECS

and the International College of Hotel Management, as well as our own TAFE institutes and organisations. For example, a promotional flier is being produced which will be sent out in graduation packs to international students of the three universities and the International College of Hotel Management.

**Ms BREUER:** My question relates to Budget Paper 4, Volume 3 (page 12.13), program 4, Forward Tourism Marketing, 4.1 Domestic Marketing. Coming from God's own country and the real world—the north of the state—what is being done to encourage South Australians to travel within the state?

**The Hon. J.D. LOMAX-SMITH:** The member for Giles represents some of the greatest tourism assets in our state. In 2002, there were nearly 3.7 million overnight visits by South Australians travelling to their own state, with these visitors accounting for 10.9 million bed nights. Intrastate visitor expenditure was estimated to be \$1.1 billion in 2001, the most recent year for which data is available. The Discover Your Own State intrastate advertising campaign aims to get more South Australians to holiday here and also to extend their length of stay and expenditure. The economic goal is to maximise the amount that South Australians spend on holidays within South Australia as opposed to holidays nationally and internationally. In 2002-03 the intrastate campaign was integrated into the National Secrets marketing activity, and we will continue to support the self-drive focus of the National Secrets campaign and also include opportunities to promote short breaks and brand our 12 regional cooperative partners.

From 2003-04, \$500 000 has been allocated as ongoing funding for intrastate marketing. This will be matched by the state's 12 regional marketing committees generating a pool of \$1 million. We will also be involved in working with the Linger Longer campaign to make sure that those visitors who come for other events get an opportunity to know what regional events are available and also finding ways to share those tourism dollars around the state, because certainly everywhere from Whyalla to Ceduna there are fabulous tourism opportunities—everything from the cuttlefish capital to whales—and there are real opportunities for international tourists, as well as intrastate and interstate tourists in your electorate.

**Mr SCALZI:** I refer to Budget Paper 3 (pages 2.31 and 2.32) regarding the Adelaide Convention Centre. Why has the government cut \$6 million from the Adelaide Convention Centre over the four-year period, and what will be the impact of these cuts to the activity levels, staffing and other operational activities?

**The Hon. J.D. LOMAX-SMITH:** The Convention Centre people are here this afternoon. There is another session for the Convention Centre.

**Mr HAMILTON-SMITH:** That message did not get to us. I am sorry about that. I would have scheduled that for after lunch. We got advice that we were doing all the matters, including the Entertainment and Convention Centres from 11 right through.

**The Hon. J.D. LOMAX-SMITH:** I was told the relevant staff would be here. From 12.30 is the entertainment centre; 2 p.m. for the Convention Centre.

**Mr HAMILTON-SMITH:** I will defer that question until after lunch.

**The Hon. J.D. LOMAX-SMITH:** It was not intentional.

**Mr HAMILTON-SMITH:** That is fine. It was just a misunderstanding.

**Mr SCALZI:** I refer to program 2 (page 12.7), tourism development grant. Sales of goods and services have dropped by \$374 000 or 93 per cent since the last Liberal budget, financial year 2001-02. Which goods and services have been affected?

**The Hon. J.D. LOMAX-SMITH:** I need advice on that. I am not sure which ones specifically have been affected. It is not very obvious from the budget line. We will take that question on notice as I am not entirely certain I can answer that at present.

**Mr HAMILTON-SMITH:** With the minister's indulgence, Madam Chair, she might like to consider—and I am in her hands—letting us just roll on with some of our questions so that we can get the information out and perhaps take a break with questions from the other side.

**The CHAIRMAN:** Member for Waite, do you have a question?

**Mr HAMILTON-SMITH:** I am putting a proposition to the minister.

**The CHAIRMAN:** There is no room for propositions; put a question.

**Mr HAMILTON-SMITH:** Excuse me, Madam Chair; that is not correct. I beg your pardon. The committee can resolve of its own accord to do whatever it chooses. I am putting a proposition, through you, Madam Chair, to the minister, if she is agreeable, that we perhaps continue with opposition questions—and I have about 40 here. If she is not agreeable, that is fine.

**The CHAIRMAN:** Therefore, the process is to move a motion. If you would like a brief break, I am happy to accommodate you so that you can talk with the minister off the record.

**Mr HAMILTON-SMITH:** There is no need for me to explain further. I am just in the minister's hands.

**The Hon. J.D. LOMAX-SMITH:** Are you suggesting that you have 40 questions and then we go to lunch?

**Mr HAMILTON-SMITH:** We are taking up time with very good questions from government members, but they are of a dorothy dix nature. I know that that is the way these things work. It would be helpful if, in the interests of openness and accountability, we could bring out the opposition's questions. I will leave it to the minister's discretion and that of the chair.

I refer to Volume 4 (page 12.9), program 2.2 'infrastructure development'. In financial year 2002-03 the budget of \$10 million is cut for financial year 2003-04 to \$4.446 million, a reduction of 55 per cent. Which infrastructure developments are to be discontinued or which new infrastructure proposals have not been funded? The minister has partly answered this question already by making her point that certain infrastructure projects created by the former government have come to an end.

I accept that. I am really asking: why is it that there are no infrastructure projects in the mill? Why is it that we have not maintained the expenditure level at \$10 million, if you like, and met many of the infrastructure needs in the regional parts of South Australia and in the city? In her answer, will the minister explain which councils or tourism operators and tourism regions are most affected by this reduction in infrastructure spending, given that projects that are winding up are not being replaced? How many applications for infrastructure funding have been rejected in the past year, or will be rejected in the coming year, because the pool of money has shrunk from \$10 million to under \$5 million?

**The Hon. J.D. LOMAX-SMITH:** I think the honourable member understands that these projects have finished. We have not stopped the Head of the Bight, Jervis Ports, or Wilderness Lodge. There is a decrease that relates to carryover. I think the honourable member appreciates those issues. He would also appreciate that there are decreases due to some actions being completed. The issue remains that the changes in the funding, I think, probably relate to some changes within government in that we do have a Minister for Infrastructure now, and some of those infrastructure projects might well be dealt with by a different means, rather than its being seen as tourism infrastructure. In fact, much of the money spent is for common usage, in that roads are used by local residents and industry. We are moving into different means of funding activity in regional and rural South Australia.

However, the tourism portfolio still does invest in some work to do with power and water infrastructure. We continue to support those developments in distant and regional areas. Increasingly, I suspect, in the future, major infrastructure expenditure will be made by the Minister for Infrastructure rather than the Minister for Tourism, because there is some logic in having those activities handled centrally within government.

**Mr SCALZI:** I refer to program 3, page 12.10. What are the government's plans for the Adelaide Rose Festival, the Classic Adelaide Rally and the Outback Cattle Drive?

**The Hon. J.D. LOMAX-SMITH:** I will deal with them in turn. The Rose Festival has been a successful gardening event, but we feel that it is unlikely that we will run it in the same format in the future. We are looking at a range of options with industry, including the possibility of having the event linked with other horticultural activities and conferences. We have run the event since October 2000 in the Botanic Gardens, in collaboration with the Rose Society and the horticultural industry. A second event, renamed the Adelaide Rose Festival, was staged in 2002 in the same location. The 2002 event was of moderate success with a public attendance of less than 2 000 people. There were 31 500 people in 2002, of which 23 400 were adults and 8 100 were children under 15. There were 4 620 bed nights and visitor spending was just over half a million dollars. We would like to restructure the event, and that is what we are working on at present.

In relation to the Classic Adelaide Rally, you will understand that this was a sponsored event, which was managed by Silverstone Events Pty Ltd. The rally is for vehicles built before 31 December 1982. We have been in negotiation over this event. The 2002 event had a record number of entries—193 vehicles in three categories over a four-day 33-stage program, with 800 people participating in the rally. It was useful in that it integrated with some youth activities. TAFEs were involved in safety check scrutineering, and there was a visit to Murray Bridge where young boys at risk of leaving school early were counselled by some elite drivers. The SATC has exercised its right to extend the licence agreement and will provide funding, as naming right sponsor, for the 2004 and 2005 Adelaide Classic rallies.

The Outback Cattle Drive was a one-off event that was funded as part of the Year of the Outback. At the time it was regarded as highly successful. As I have explained before, there was immediately a push to make it a regular ongoing event. But the climate and drought conspired against us, and there was a view that, since there was such a large input from volunteers and pastoralists, and the use of cattle, and the

requirement for people to be on the land and not working for almost two months, it was regarded as not viable until there was a break in the drought. Having said that, there has always been a commitment to have another event.

Just a few weeks ago, the general manager of AME and the CEO went on a consultation visit with key stakeholders to discuss how another event might be staged. At the moment, we are just beginning to run a risk management analysis and a feasibility study, and we are talking to sponsors about the sort of event, the frequency and how soon we could reasonably run it. The honourable member will understand that the bush has been doing it tough, and we were informed that it was more than we could expect for them to support it in the short term. We have budgetary allocations for this in the future.

**The CHAIRMAN:** I have been advised that, according to a timetable that was agreed on Friday, officers from the Adelaide Entertainment Centre are available to come into the chamber at this stage, if members wish to ask questions that might be useful in support of the minister.

**Mr HAMILTON-SMITH:** In the program I was given, it was the Tourism Commission and the convention and entertainment centres from 11 a.m. to 2.30 p.m. If I rearrange my questions, I want to ensure that the officers presently at the desk will be here after lunch.

**The Hon. J.D. LOMAX-SMITH:** The CEO has to leave at lunch time.

**Mr HAMILTON-SMITH:** We should proceed with questions on SATC and deal with the Entertainment Centre after lunch.

**Ms CICCARELLO:** Referring to Budget Paper 4, Volume 3, page 12.11, knowing my love for cycling, will the minister inform the committee what new initiatives were introduced to increase the economic benefit of the international cycling event the Jacobs Creek Tour Down Under?

**The Hon. J.D. LOMAX-SMITH:** The Jacobs Creek Tour Down Under event was a huge success in 2002-03, due to the introduction of some new initiatives. It was held between 21 and 26 January and celebrated its fifth anniversary. The race this year saw a return to the original 1999 Stage 1 race route and expanded activities to boost tourism. According to a full economic impact study, this year 10 200 interstate and 600 overseas visitors cited the event as their main reason for visiting SA. These record tourist numbers are estimated to have generated a total net economic benefit of \$12.5 million and 207 jobs. Interstate and international visitors spent on average 5.6 nights in Adelaide and 1.4 nights elsewhere in the state. Thirty-eight per cent of interstate visitors came from Victoria and 20 per cent from New South Wales.

A total of 189 145 SA residents enjoyed six stages, many attending more than one stage, to bring the total audience figures to 385 250 over the six stages. Editorial media coverage increased from \$66 million in 2002 to \$82.7 million in 2003. The new activities, we believe, increased the visitation. New initiatives included the Breakaway Tour, which was a recreational ride on the stage 2 route from the Jacobs Creek visitor centre to Kapunda. It was open to anyone capable of riding 140 kilometres and 613 people took part, of whom 131 were from interstate and overseas. We also introduced a veterans' race series. There were three veterans' races designed to offer cycling enthusiasts aged 35 and over the opportunity to race within their own competition whilst in Adelaide for the event. There were 233 participants, with 112 from overseas and interstate.

Other activities included membership of Club Tour and trade and road shows and upgraded corporate hospitality packages. The Oceania Cycling Confederation has given the South Australian government an assurance that it will not sanction any other new events in Oceania during the month of January. This secures a five-year extension to the deal, which was due to expire after 2004, and ensures that the event stays here until 2009. The JCTDU won the Sports Industry Australia Sports Tourism award ahead of the 2002 Melbourne World Masters Games and the Iron Man Australia Triathlon, acknowledging SA's excellence in event management, presentation and sports tourism. Additional new initiatives have been developed for the 2004 event and will be launched on 25 July, and will assist in further developing the event and attracting visitors.

**Mr O'BRIEN:** Again from the same area in the document, what is the government doing to position the state as an ecotourism destination?

**The Hon. J.D. LOMAX-SMITH:** The International Year of Ecotourism was 2002, and the primary objective of this for us was to raise awareness of ecotourism opportunities in South Australia across Australia and the international scene. South Australia was a gold sponsor of the year, and we have now achieved two seats on the Ecotourism Australia board. This will ensure that the state's priorities are highlighted at a national level. To foster SA as the place to go for nature-based experiences, a number of new initiatives have been developed in partnership with tour operators and other organisations.

For example, we have developed a tour operator cluster group to result in cooperative marketing and developing of key nature tourism areas, including the Bookmark Biosphere Reserve and the Coorong National Park. We have also developed strong relationships between National Parks and Wildlife, Forestry SA and the Office of Recreation and Sport as well as Flinders University, to achieve a whole of state approach and focus resources on marketing our nature based tourism experiences. These partnerships have resulted in cooperative marketing initiatives, including SA trails, web sites and books as well as statewide National Parks publications and nature features within the national *Secrets* campaign, as well as participation in the International Ecotourism Conference and the World Ecotourism Summit in Quebec.

In addition, SA will position itself as an ecotourism destination through the Eleventh National Ecotourism Conference in November 2003 in Adelaide and in the Riverland. We expect 250 to 300 delegates to attend this conference, with 15 per cent being from international destinations and 35 per cent being from national non-South Australian locations. Other nature based activities being supported include diving, and I spoke earlier of the need to maximise the potential of the scuttling of the HMAS *Hobart* by developing a range of marketing initiatives to promote SA as a premier dive destination. In addition, we are developing birdwatching as a niche market by working with Birds Australia to incorporate birdwatching opportunities into marketing campaigns and to develop itineraries for the more dedicated niche market of birdwatcher. There are, I think, 600 unique birds in Australia.

**Ms BREUER:** I refer to Budget Paper 4, Volume 3, page 12.13, Tourism Marketing and subprogram 4.1, Domestic Marketing. How did regional South Australia benefit from tourism marketing programs in 2002-03?

**The Hon. J.D. LOMAX-SMITH:** The SATC's regional events and festivals program provides funding to events and

festivals that generate tourism activity in SA and lift the tourism profile of the state's regions. The program aims to encourage the growth and diversity of festivals and events throughout the state. In 2002-03 the SATC provided more than \$411 000 to 49 events across the state. Some of the larger events sponsored in 2002-03 included the Feast Festival, the Barossa Vintage Festival, the Festival of Ideas and the SA Water Bay to Birdwood. The sum of \$534 000 has been allocated to the 2003-04 regional events and festivals program.

In 2002-03 the SATC provided over \$2 million in funding to regional tourism marketing committees. This funding is based on matched targets being met by regional stakeholders, which is a great partnership model that increases the total pool of marketing resources for the respective regions. In 2003-04 the SATC will again provide over \$2 million, in fact \$2.135 million funding, to regional tourism committees in accordance with agreed performance guidelines. Through strong linkages between tourism, local government and other industries, regional marketing committees will be able to secure long-term funds, which will enable them to have a stronger power to increase tourist visitation, visitor nights and higher spend and yield, which will ultimately generate employment in rural and regional areas.

More than 40 accredited visitor information centres in regional and rural South Australia play a key role in promoting and supporting tourism in their areas, and the VIC network will again be supported in the coming year, to ensure that visitor information is widely available throughout the state.

**Mr HAMILTON-SMITH:** I refer to the financial commentary on page 12.18 of Budget Paper 4, Volume 3. Will any of the regional tourism boards or the SATC board be affected at all by the Economic Development Board's recommendation to reduce the number of boards across government? Are there any plans to reduce funding or change membership or to wind back in any way either the SATC or those regional boards?

**The Hon. J.D. LOMAX-SMITH:** The member for Waite will recognise that the Green Plan released by the federal tourism minister does suggest that the 500 boards currently marketing tourism across Australia be reduced to, I think, 78—although I am not sure, but substantially reduced, anyway—and I have already been asked several times if we intend to act on that recommendation. Perhaps the member for Waite could put his comments about the number of boards to his federal counterpart. We have no intention of reducing funding or reducing the number of boards. There is sense and some logic in the number of boards that we have. Matters can always be reviewed, but there is no intention to change the situation at the moment.

**Mr HAMILTON-SMITH:** In relation to the same financial commentary on page 12.18, what reductions of staff, if any, have been made to the SATC or other tourism organisations for which the minister is responsible in the 2002-03 budget and what further cuts to staff are planned for 2003-04? Is there to be any reorganisation within the SATC that might dislodge or displace people or change the way in which things are done, and how many TVSPs (if any) have been awarded or are planned for the coming year?

**The Hon. J.D. LOMAX-SMITH:** I have seen a copy of an email containing the agenda which was sent to the member for Waite last Friday. I apologise if he has not had a chance to open his email, but that information was sent to him some time ago. My understanding is that any change in staffing

numbers is because projects have been completed or there have been operational efficiencies. Changes have occurred in several areas. With the ending of the Year of the Outback program, three staff who were employed on that program are now no longer required. Similarly, a contract member of staff, who had been employed for the Encounter 2002 event, finished in October 2002. Again, that event cannot be staged in out years.

The contracts of three staff members of the Events Division have expired. However, one of those staff members has been reassigned to another position within the Events Division. Three staff members from the Corporate Services Unit have taken a TVSP. Although the budget estimate for 2003-04 has decreased from 2002-03, the 2003-04 actual result will be higher as additional staff will be employed in overseas offices in Asia and the UK. In fact, overall salaries and wages will increase from \$10.584 million in 2002-03 to \$10.692 million in 2003-04. This \$108 000 increase is due to a 3 per cent increase in all salaries and wages as a result of enterprise bargaining.

**Mr HAMILTON-SMITH:** I have a general question across the portfolio. Are there any funding plans within tourism or elsewhere of which the minister is aware for a new bus station within the city of Adelaide, and have any initiatives been created by this government towards redeveloping the existing bus station site?

**The Hon. J.D. LOMAX-SMITH:** As the honourable member will appreciate, the City West project is one of the major projects put forward by the Adelaide City Council. Over the last two years, there has been a range of development proposals relating to the site of the bus station, which of course is owned by the city council. One of those proposals incorporated a science component and there have been suggestions for retail and housing. I understand the council is still involved in negotiations but, to my knowledge—and I cannot speak for the Minister for Transport—I do not believe there is any involvement of the government. Of course, I am not informed directly of the Minister for Transport's activities in this area.

**Ms CICCARELLO:** I refer to Budget Paper 4, Volume 3 (page 12.9)—Program 2, Tourism Development—Sub-program 2.2, Tourism Infrastructure Development. What is the government doing to support tourism infrastructure development in this state?

**The Hon. J.D. LOMAX-SMITH:** Tourism infrastructure projects in this state will benefit from a range of changes. We are committed to ongoing funding of the Minor Tourism Development Fund, which was due to finish this year. We have allocated ongoing funding and will continue to work with regional communities to develop sustainable infrastructure projects. The SATC plays a key role in supporting the development of capital assets which can enhance visitor experiences. The developments that we will assist should enhance our reputation as a holiday destination with authentic and nature based tourism experiences in particular.

Many of the grants through this fund are matched dollar for dollar by local councils or partly funded by private sector investment. This highlights the importance of partnerships in developing and maintaining vital tourism infrastructure. In 2002-03, there were 47 different projects supported throughout the state by the Minor Tourism Development Fund, and these generated an additional \$1.4 million in funding. The final year of funding (\$2.7 million) for the Outback Infrastructure Fund will also be provided. This fund saw the approval in 2002-03 of 27 projects worth \$617 000. A two

year \$1 million Visitor Information Centre Fund was established in 2001-02 to assist in the development of visitor information centres throughout the state, and currently there are 42 accredited centres located around the regions. These upgrades will ensure that quality advice and service will continue to be provided to visitors.

**Ms CICCARELLO:** I refer to page 12.6—Program 1, Strategic Advice—Sub-program 1.1, Planning and Policy. What is the government doing to position South Australia as a leader in innovation and sustainable tourism?

**The Hon. J.D. LOMAX-SMITH:** We launched our tourism plan for 2003-08 earlier this year as a collaborative work between government and the industry. It provides a strategic framework for the next five years with a focus on improving visitor experiences through sustainable destination development and improved visitor access and infrastructure. We will also focus on ensuring that the regions benefit from tourism growth with further improved targeted marketing and with a particular focus on self-drive holidays with the aim of strengthening the profitability and professionalism of the industry.

Sustainable tourism is about the need to develop a sensitive tourism product which is derived from the environment and which adds value to local communities over the long term. Some initiatives and proposals currently under way include: the SATC working with other government agencies, the Economic Development Board, the Local Government Association and industry sectors to ensure that sustainable tourism is closely linked to mainstream policy. In addition, we have developed a 'Sustainable tourism development in regional SA' paper, which was put out for public consultation early this year. This document raises the need for sound tourism planning for both environment and heritage needs. We have developed some regional tourism strategies to provide the basis for reflecting detailed local government policy change through plan amendment reporting with the objective of encouraging regional groups of councils to work in partnership to obtain grants on a dollar-for-dollar basis.

We are also working on regulatory change to assist in planning regulations to define tourism and the need for site analysis and agency referrals in sensitive locations. We are providing guidelines for developers of new tourism policies and products, and we are working for operator accreditation facilities to be improved and encouraged in this state. On top of that, through destination management, we are finding means for monitoring and managing performance in regard to policy and planning.

This tourism package takes a significant step forward in addressing the challenges of achieving sustainable tourism and improving the destination appeal of South Australia. In addition, in terms of innovation, we work closely with the three universities which each have relevant research departments. The CRC for sustainable tourism is based at the University of South Australia so that the industry and the department can be appraised of modern research and up-to-date thinking in developing tourism product.

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

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

Mr Mark Elliott, Financial Controller, Adelaide Convention Centre.

Mr Pieter Van der Hoeven, Chief Executive, Adelaide Convention Centre.

Mr Andrew Wroniak, South Australian Tourism Commission.

Mr Damien Kitto, Ministerial Liaison Officer, South Australian Tourism Commission.

Ms Pamela Del Nin, Chief Executive, Adelaide Entertainment Centre.

Mr Mark Colman, Financial Controller, Adelaide Entertainment Centre.

#### **Membership:**

Mr Meier substituted for Mr Scalzi.

**The CHAIRMAN:** We are continuing on the same lines as we were considering before lunch.

**The Hon. J.D. LOMAX-SMITH:** I have agreed with the member for Waite that we should begin with the Convention Centre.

**Mr HAMILTON-SMITH:** The opposition thinks that the Convention Centre is doing an outstanding job for the state. We think it is a terrific investment and terrifically well managed, and we understand that it is a world class facility. We appreciate the bipartisan nature of our support for the Convention Centre. I refer to Budget Paper 3, pages 2.31 and 2.31, which show \$6 million worth of cuts or reduced funding to the Convention Centre over four years; I think it is \$1.5 million over each of the next four years. What might be the impact of these cuts to activity levels, staffing and other operational activities, and why, if they are not cuts, have those reduced investments been made?

**The Hon. J.D. LOMAX-SMITH:** The Convention Centre recognised that in the past two years there have been difficult times for the industry. It has been very creative in changing its marketing model, targeting different markets and restructuring its organisation. You will realise that it is more than just an events venue; it runs as a registered training organisation (RTO) and has large numbers of staff whose futures depend on the industry, so I think the change that has occurred over the past two years has been significant.

The ACC is really outperforming its original feasibility study through those changes in what have to be extraordinary economic times. The money that was in the forward budgets to cushion the Convention Centre is now less necessary, and I do not believe the reduction in funding will affect the operations of the Adelaide Convention Centre. The ACC's asset replacement account now stands at \$4.5 million and should be adequate to maintain the asset and the infrastructure in what is a very high standard, because it is looked after extremely well.

Obviously, the market and the environment are volatile at the moment, and the revenue target set for next year appears achievable at \$20 million. Already, more than 580 events were achieved by the end of 2002-03, with a revenue of \$15 million already confirmed for the Convention Centre in the next year. That target of \$20 million appears to be on track and achievable, and for those reasons, as you suggest, we have reduced by \$1.5 million a year the appropriation to the organisation, but I am confident that there will not be a change in quality or staffing. I do not know whether Mr Van der Hoeven would like to add to that.

**Mr VANDER HOEVEN:** No; I endorse totally what the minister says. The Convention Centre is now steering itself to be totally self reliant after the construction period, which we have behind us. I am very pleased to say that there should not be any problem in meeting the targets which are being set,

at no cost such as staff reductions, including marketing capabilities and all that.

**Mr HAMILTON-SMITH:** I have a general question about the Convention Centre. What are the challenges in the next year or two, given the turbulent circumstances that tourism in particular finds itself in with the SARS and Iraq crises? No doubt they will move on, but we have seen a pattern over a few years now of major disruptions to tourism. What major challenges do you see in the next few years in keeping up bookings at the Convention Centre? What is the present occupancy rate? How much excess capacity are we carrying at present and what excess capacity do we expect to have in two to three years?

**The Hon. J.D. LOMAX-SMITH:** I cannot answer the question about excess capacity, so I will pass that over to Mr Van der Hoeven. In terms of future risks, clearly, risk analysis and public liability issues have to be dealt with and there are problems with the international situation and SARS which clearly impact on international visitation. A lot of local convention centres have moved to interstate and intrastate campaigns, as we all have, so the market is competitive. Very large numbers of capital city and regional centres are being developed, and that will inevitably lead to greater competition in the future. So, the risks are the international situation and increasing competitiveness, not to mention perhaps an element of desperation in some of the other states.

One area we have to be confident about in our business case at the Convention Centre is the level of repeat business. I find it remarkable that 60 per cent of the customers are repeat customers, so a high level of satisfaction and loyalty is added to the creative marketing campaign and the business model, which includes other opportunities on the riverbank as far as restaurants and catering are concerned and the breadth of events that can be housed at the Convention Centre. Without wishing to be over confident, I think we are in as good a situation as we could be under the circumstances. I cannot answer the question directly about the excess capacity; maybe Mr Van der Hoeven could answer that.

**Mr VAN DER HOEVEN:** Occupancy levels are at 72 per cent, which for a centre such as ours is quite high. The direction we took was that two years before the Olympic Games we specialised on the domestic market, because our interstate competitors were really looking at the overseas markets, and we are bearing the fruit of that at the present moment. Heaven willing, if there are no other major crises beyond our control, I would suggest that the Convention Centre will be well occupied not only with 60 per cent repeat business but we will also enlarge that domestic market share because of the target marketing we do and the loyalty programs we now have in place. So I do not see a major upheaval other than if something happens that is outside our control.

**Mr HAMILTON-SMITH:** With regard to marketing, is there any duplication between the Convention Centre and the Australian Conventions and Tourism Authority and the SATC in their separate marketing activities, and are you confident that those activities are coordinated as best they can be to achieve the outcome for the Convention Centre and for tourism generally?

**The Hon. J.D. LOMAX-SMITH:** It is true to say that the Convention Centre is a very active and aggressive marketer in its own right, but it is only one of the venues in our state. As it is a government owned operation there is an issue about whether we should be promoting our own business rather than competitors' publicly owned businesses. Therefore,

ACTA (which stands for Adelaide—not Australian—Convention and Tourism Authority) markets the Convention Centre and has it as one of its members, but it also has a role of promoting all the venues within its membership profile. So there are different issues that I think have to be recognised; they have different roles and responsibilities. I believe that we have not had a sufficient tourism focus on our conventions, and that was one of the motivators for the Linger Longer campaign.

I was quite shocked at the World Congress: it was a fabulous event with great participants, but most of them left on the last day of the event, which was a huge lost opportunity. So in terms of the PCOs and ACTA, we have been trying to forge greater links with the SATC to say: 'We've got them here; it's easier to keep a customer than to get a new one; let's be more creative about spreading the money around.' I think it is fair to say that most of the dollars that the Convention Centre brings to our state do not go through the Convention Centre.

Most of the dollars are spread throughout the community, and our idea is to spread more and further. I believe that is an important synergy between the SATC, the Convention Centre and ACTA, and I believe those synergies are being forged more effectively. However, I think it is absolutely appropriate that ACTA, as an industry grouping, should be allowed to run a semi-independent line, if you like, but also have a vehicle for accepting contributions from the private sector, because I do not believe that the whole of the tourism industry should be supported by taxpayers' dollars. I believe it is quite appropriate that ACTA should take subscription monies and membership fees from their participants.

**Mr HAMILTON-SMITH:** Madam Chair, in light of the fact that we have to get through the Entertainment Centre as well, I have probably got only one more question—

**The Hon. J.D. LOMAX-SMITH:** I am happy to let the member for Waite finish his questions.

**Mr HAMILTON-SMITH:** There was an issue across portfolios before the government changed in 2001-02 about TransAdelaide and the Convention Centre in respect of the car park, and there was some sort of cross-payment structure being mooted at that time. If I remember, it was a bit of a pickle. I do not think it had been resolved at the time the government changed, and I wonder how that was ultimately resolved, or if that has been resolved? Is your colleague still after you for money?

**The Hon. J.D. LOMAX-SMITH:** You are right. At the time of the election there was a disastrous situation with an agreement with another organisation, but I am optimistic that we may resolve that in the next couple of weeks, hopefully before the end of the financial year.

**The CHAIRMAN:** We shall proceed to questions on the Adelaide Entertainment Centre. Does the minister wish to make a brief statement about the Entertainment Centre?

**The Hon. J.D. LOMAX-SMITH:** Yes, and I will be very brief. The Entertainment Centre operates in a very volatile environment and has been impacted on adversely by currency changes and international situations in relation to the war, terrorism and SARS. But there has been a significant upturn in business this year and a level of creativity in self-entrepreneurial events. So, this year, the Entertainment Centre is expected to achieve a break even operating result for the year, before appropriation of \$1.99 million and depreciation of \$1.6 million. This compares favourably with the 2001-02 financial year which saw an operating loss of \$1.325 million before appropriation of \$542 000 and depreciation of

\$1.542 million. Excluding appropriation revenues, the operating result this year as opposed to last year showed an improvement of \$1.3 million.

So, whilst the AEC will not be paying a dividend this year, we do not expect there to be a requirement for appropriation in 2003-04. The organisation has been involved, as we know, in some strategic planning about the site, and the documentation has been released today. We intend to look for partners to further develop the site, enhance the streetscape and have some urban renewal, using the opportunity to seek partnerships with private enterprise in congruent or convergent industry sectors on the site.

Returning to the budget, any overall loss in the coming year will be funded from cash reserves that have been accumulated during the current year due to a better than expected business result. I am pleased to say that the Entertainment Centre is on track and at the moment it is performing very well.

**Mr HAMILTON-SMITH:** The opposition shares the minister's confidence in the Entertainment Centre and its management. We understand and have followed its success with interest in the past 12 months. We have great confidence in the management team and we look forward to a positive year ahead for the centre. We think it is a very important part of the infrastructure for the state, not just for the arts but also for sporting occasions and the other functions that are performed down there in the way of conventions, functions and so on.

I refer to Budget Paper 3, page 2.31, and the government's \$516 000 reduction in spending over four years. The minister has pointed out that this is a consequence of improved conditions, but is there any chance of that funding having an impact on activity levels, staffing and other operational activities at the Entertainment Centre, or are we pretty confident that we will see our way around that \$516 000?

**The Hon. J.D. LOMAX-SMITH:** I think that I explained that there has been some accumulated cash over the past year which should tide us over the next period but, as I have said, it is a volatile industry and much of the impact on the industry is beyond our control and relates to currency changes, terrorism, SARS, and a whole range of completely unpredictable events. You can never be 100 per cent certain about the future, but the organisation has done everything possible to plan for the future and secure its industry position. The site does offer opportunities and we will be exploring those because we believe that if there is a joint use of the land and if there are synergies between other businesses sharing that precinct there will be added income from the bars and the facilities, and that will help support the centre.

**Mr HAMILTON-SMITH:** I will just explore that a little further. At one point, the Entertainment Centre was mooted in the media as a possible venue for the Investigator Science Centre. I am just wondering if that idea is still extant in government, and if not the Investigator Science Centre, do you have in mind collocating some other government owned or government affiliated tenant?

**The Hon. J.D. LOMAX-SMITH:** No, we perceive that there are synergies for the industry sector relating to entertainment, multimedia and that sort of class of activity—it might extend to IT. The cabling, as the honourable member knows, goes past for the Hindmarsh Soccer Stadium and that is almost the best quality cable link you could have in the state—

*Mr Hamilton-Smith interjecting:*

**The Hon. J.D. LOMAX-SMITH:** It is under-utilised, that is the problem. It would be a good opportunity for a multimedia industry partner to consider building on that site, but we would have to be mindful of local government needs and parking needs. One of the great opportunities would be to share not only function facilities with the Entertainment Centre but also car parking facilities, because most of the time the car park is empty. It would be smart if we had daytime uses which were of convergent types, but also if we could use those facilities at different times of the clock. I think there are real opportunities. In terms of the local community, it would be great if we could have some of those industries based at the precinct to produce local employment.

There are natural linkages between the IT strip along Port Road and there are opportunities to enhance the urban design of the area. I think the site is blighted from certain aspects. The car park is not elegant and some of the street frontages have been seriously degraded. Therefore, with tasteful infill developments and thoughtful tenants there would be an opportunity to rejuvenate and revive the urban landscape as well. I think that could be one of the outcomes. We would aim to have an urban design infill development that would enhance the precinct, job opportunities and better usage of this very considerable asset, which, by anyone's standards, is a fabulous location: gateway to the western suburbs, a hugely visible site on a corner, good broadband cable linkages and a top class Entertainment Centre. There is a marriage made in heaven in there somewhere, we just have to find the right partners.

**Mr HAMILTON-SMITH:** My next question concerns to decisions made last year regarding employees and funding. There were some reductions in spending at the Entertainment Centre in last year's budget. I think there was a suggestion that some of the full-time staff might be outsourced and that catering services might be brought in. Did that happen? How many jobs were lost and will any further full-time jobs (or their equivalent) be lost from the Entertainment Centre in the future? In that context, can the minister indicate what are the financial goals for the coming 12 months? What activity levels, revenue levels and employment levels would the minister expect?

**The Hon. J.D. LOMAX-SMITH:** I will answer the first part of the question and then pass over to Ms Del Nin. I think that last year we did explore outsourcing some of the catering functions but further analysis demonstrated that there was a high yield from catering and the level of profit was significantly high and supportive of other activities, so it was an income generator. Whilst I understand that much internal rationalisation has been undertaken, I do not know that this was at the cost of employment, but I will ask Ms Del Nin to clarify those matters. In terms of the future, I think it depends very much on how we see the development site and the opportunities we put in, but clearly we are at the mercy, if you like, of the international situation. What we would do is continue to have a lot of the function activity and grow that area of the business.

Over the last three years, the Entertainment Centre has become a vibrant wedding precinct and that partly relates to the high quality heritage buildings around the site that make a good backdrop. Even if the new building does not look like wedding photograph material, there are fabulous buildings around the edge which are owned by the Entertainment Centre. The site is capable of very good catering and its core business is to run good functions. On top of that, the site has been very active in self-entrepreneurial events. Within its

charter it should not risk government money, but the people at the Entertainment Centre have very clearly in focus what their target market is and they are not into speculative gambles. They choose what South Australians want, and the sorts of events that they have put on—whether it is the City Muster, George Benson, or whatever—hit the spot perfectly. They have been very successful with those events.

The target will be to fill up the centre as often and as regularly as possible and make a profit. I think it is dangerous to say what are the employment targets or the occupancy targets, but I think that there is a goal to increase both.

**Ms DEL NIN:** The minister is absolutely correct. When we undertook some further analysis and asked an external company which was fully versed in food and beverage operations to look at our operations, they very clearly said that we were operating at the high end of margin yield and it would be very difficult for us to place that contract externally and make the sort of money we were making. They said, providing we continued to operate at that level, to keep it in house. That was accepted by the board and the minister, and indeed it contributes over \$250 000 to our bottom line every year on a turnover of about \$2.2 million. It is a successful part of the operation.

We have lost only three positions and that had to do with natural attrition and with our taking the positions we needed in order to move forward into the entrepreneurial area. We did create some new positions and we lost some through natural attrition, but effectively it was three full-time positions.

**Mr HAMILTON-SMITH:** What are the financial goals for the coming year?

**Ms DEL NIN:** We would like to be able to do what we have done this year. We are a little concerned about it. The first announcement of SARS was three months ago. What that immediately did was cause all the tours that were planned to come through Asia to be cancelled. We are seeing that now. It is a bit quiet for June, July and August, but the bookings are back in full force from September onwards. This year, after having weathered nine months after September 11—it had been appalling—suddenly all the bookings started coming through from July onwards. Compared with the year before we had a bumpy year. However, we are hopeful, because what seems to happen in this industry is that the minute business stops for a number of months, when it comes back, it comes back with a bang.

However, at this point we cannot tell. Sometime around August we will know what is happening with the next three to four months, which will give us a good idea about what should be happening for the rest of the year. At this stage, because this year was much better than we thought, we have accumulated enough reserves to ride out three months of rocky business.

**The Hon. J.D. LOMAX-SMITH:** The events that are scheduled in the forward six months or so include Wakakirri, Rock Eisteddfod, the International Police Tattoo (which I think goes for six days) Matchbox 20 (which is the sort of band that the member for Waite might well like) and two AEC entrepreneurial events, one is The Ultimate Symphonic Spectacular and the other one is The City Muster which was a great success last year.

**The CHAIRMAN:** The time allocated for examination of this area having expired, I declare the examination complete.

Department of Further Education, Employment, Science and Technology—\$220 331 000.

**Additional Departmental Advisers:**

Mr G. Black, Chief Executive, Department of Further Education.

Mr G. Thomas, Chief Executive, Playford Centre.

Mr N. Grant, Director, Office of Innovation.

Mr J. Tizard, Acting Director, Information Economy Policy Office.

Mr T. Beeching, Manager, Funding Strategy.

Mr I. Proctor, Deputy Chief Executive, DFEEST.

Mr L. Stacey, Special Projects, BioInnovation SA.

**The CHAIRMAN:** I declare the proposed payments open for examination and refer members to appendix D (page 2) in the Budget Statement and part 11, Volume 3 of the Portfolio Statements. I invite the minister to introduce her advisers and then to make an opening statement if she wishes.

**The Hon. J.D. LOMAX-SMITH:** The Department of Further Education, Employment, Science and Technology (DFEEST) was established in 2002-03. It brings together a range of agencies and services with responsibility for the state's eight TAFE institutes and associated technical and further education employment units such as TAFEBis, the Office of Vocational Education and Training, and the Office of Employment, as well as Science and Innovation, with liaison with the science community in South Australia, specifically the Office of Innovation and the Information Economy Policy Office, now a new division of Science, Technology and Innovation within the department.

There are synergies between these areas. Skills and training development and the information economy has strong links to science and technology and the economic development of the state through technology and employment and skills growth. In the last year, we have engaged in a number of reviews to provide a foundation for long-term strategies. These have included the Kirby review of TAFE governance, the skills inquiry into the needs of the state, both economically and socially, and an employment study to examine and quantify the way we operate our employment programs in the state.

We have done this, in part, to develop a whole of government approach to coordinating skills development, training and employment. In addition, we have recognised the need to have some significant liaison between our department and other specific areas, particularly the Thebarton Bioscience Precinct, which previously had links to the Department of Business, Manufacturing and Trade and BioInnovation SA for which I am now the lead minister for this bioscience precinct development.

In addition, BioInnovation SA has strong links with the DHS and PIRSA, and the Playford Centre still has links with DAIS. We have ongoing relationships with DECS and the school sector, and the VET sector, through the proposed training and skills commission, will have links with the Office of Economic Development, the Economic Development Board, ITABs and various government departments, particularly Business, Manufacturing and Trade.

The Premier's Science and Research Council was set up last year, and links four ministries. The four science ministers are: the Premier, the Minister for Agriculture and Fisheries, the Minister for Health, and myself. We have also set up the Information Economy Advisory Board which has links between the private sector and government, and the Higher



Education Council has been set up to coordinate the interface between the three universities in our state and state government policy.

The other major linkage we have developed is between tourism and Education Adelaide, because there are natural synergies in the jobs they both do. Within this context, the state budget for the next year has had several changes. In the TAFE sector, there are initiatives that are part of a long-term strategy to begin the government's reform agenda. Last year, we made provision for \$2 million to boost concession rates and produce a cap on TAFE fees and offer permanent positions to more than 270 TAFE staff. The TAFE reform agenda recognises the vital importance of this sector to the state and its development both economically and socially.

The Kirby report, which I referred to earlier, suggests the need for TAFE reform but states that this will take time, and the initiatives in this budget recognise that this will be a long haul and will require several years to implement all the changes required. In particular, there will be a \$6.1 million reform package to begin restoration of the TAFE system in 2003-04, with the total package of additional money over four years amounting to \$22.06 million. The sum of \$65 million will also be spent on capital works projects over the next three years. There has been an immediate one-off injection of \$11.3 million into the TAFE system to overcome an operating deficit for the current financial year and to prevent further deterioration in TAFE's cash position.

TAFE itself has largely been quarantined from savings of the budget. Instead, it has been granted around \$6 million in additional recurrent funding. This will be used to help stabilise TAFE's financial position, including the user choice programs for apprentices and trainees, and to implement the Kirby reforms. Of the \$65 million capital works budget for the next three years, \$24 million will be spent on projects during 2003-04, but \$14 million of that will partly clear the \$20 million maintenance backlog left when this government took office, as well as being involved in improving airconditioning and equipment on our TAFE sites.

The remaining \$10 million will go towards significant new projects, in particular, providing new IT infrastructure for TAFE, redeveloping the Marleston campus of the Douglas Mawson Institute and upgrading the veterinary and applied science facilities at Torrens Valley Institute. In other areas of the DFEEST, employment programs will support a range of key target groups, including youth and mature aged people, and strategies are being developed to ensure the programs are effectively integrated with education and training, and regional economic strategies.

Employment programs cannot be run in isolation and have to be part of an overall government policy. The youth programs include the Youth Conservation Corps, a new four-year program launched by the Premier in May, with current projects being undertaken in partnership with Conservation Volunteers Australia and Anglicare. The program will assist young people aged between 15 and 24 to access employment opportunities by participating in conservation projects, structured training and relevant work experience to help them become job ready. In line with the Skills for the Future inquiry, new measures will be implemented to develop a high performance workplace culture by 2010.

Together with the Office of the North, DFEEST has established a relationship with the Holden vehicle manufacturing operations plant at Elizabeth. In consultation with Holdens, recruitment needs for the company's recently announced third shift have been identified and pre-

employment courses developed, which are being provided through the Elizabeth campus of TAFE. The course will equip up to 60 northern Adelaide residents with the skills and abilities to enhance their employment prospects at Holdens. As a result of the interest generated, similar projects are under way in other employment growth industries, including general engineering, electronics, plastics, child care, aged care and retail.

In terms of science, technology and innovation, the state's \$15.9 million budget includes an extra \$7 million to help grow this sector. The Premier's new science and research fund is being set up to coordinate and direct investment in science and research infrastructure. Funds of \$4 million over four years will help support bids for science projects in partnership with the commonwealth government, the universities and industry. Government has funded investments in super computing capacity, with funds of \$3.135 million towards high performance computing facilities run by a consortium of the three universities, and a high speed connection with the national high performance computing research network, to which, mysteriously, the previous government failed to have us connected.

As part of the \$1.52 million support for science initiatives, grants will foster improved awareness of science and innovation amongst school students and the wider community. Further, Education Adelaide will be supported with state government funds of \$1.14 million in 2003-04 as part of a new marketing strategy this year to boost the number of international students at South Australia's various educational institutions. Underpinning these initiatives is a commitment to work with staff, local communities and key sectors, including science, industry and higher education, to make a difference over the long term for the social and economic benefit of all South Australia.

**Mr HAMILTON-SMITH:** I will leave TAFE related matters to be addressed by my colleague the member for Unley. In relation to science, information economy and innovation, we welcome and understand the restructuring that has gone on. A number of things started by the former government have evolved further in the past year or two in a positive way. The opposition is of the view that taking away the \$40.5 million innovation fund that we created was probably not one of the wisest moves that South Australia has taken, but we note steps to reinstate it in this budget to some degree. I will ask questions about that. We share the minister's view that innovation and science are really at the core of the future of the state and the opportunities before it. We will focus our questioning on that.

I will start my first question on bioinnovation by referring to Budget Paper 3, page 2.31, which contains the bioinnovation budget line. The opposition notes that BioInnovation SA has allocated \$1 million in the financial year 2003-04, but there does not seem to be any funding beyond that in years two, three and four. What has been BioInnovation SA's funding in the past two years? That is both the base funding and also the funds it has had available from grants or other sources to dot around. What has been the total funding, both base and grants, over the past two years? What level of reduced funding does this new allocation represent? Is the \$1 million the full picture? Will there be additional funding not apparent on that page of the budget papers that will go to BioInnovation SA in 2003-04? What have we budgeted for in the past two years? Is \$1 million all there is in 2003-04, with nothing beyond?

**The Hon. J.D. LOMAX-SMITH:** We have actually added \$1 million, in addition to the money that was already there. The government has committed \$62 million towards science, innovation and technology in the coming year. Of that \$62 million, there has been a variety of expenditures across various areas. In particular, bioinnovation has been a key driver of the Thebarton bioscience precinct, which will get \$6 million. There is an opportunity with the new venture capital fund being set up to leverage money out of the \$11.4 million venture capital sector. At the moment, we are reviewing the ongoing capacity across government to deliver in this area. We put in \$1 million this year, but there is an opportunity to recognise that funds in other budget lines will be accessible.

**Mr STACEY:** Initially, we were given \$4 million to set up BioInnovation SA; then an additional \$12.5 million, giving us a total of \$16.5 million up to 2004-05. This year we were given an extra \$1 million because of the timing factors. Last year we had \$4.5 million base operating funds; this year we have \$3.754 million operating funds; next year we will have \$4.754 million, because we have the base of \$3.754 million plus another \$1 million transferred from DAIS, which forms part of the plant genomic payments. It brings it up to \$17.5 million, which carries us through until 2004-05.

**Mr HAMILTON-SMITH:** Will you confirm that \$1 million is coming from the GRDC project at Waite?

**Mr STACEY:** That is in addition to the \$17.5 million.

**Mr HAMILTON-SMITH:** That is not the \$1 million.

**The Hon. J.D. LOMAX-SMITH:** That is new money.

**Mr HAMILTON-SMITH:** What will there be beyond that in 2004-05, 2005-06 and 2006-07? Looking at page 2.31, I see that nothing is provided for in the out years. Is that the long-term budget strategy?

**The Hon. J.D. LOMAX-SMITH:** It is in the long-term science strategy. We have to say that the programs run by BioInnovation SA have been way ahead of national standards. Their whole modus operandi has been highly successful. However, it is appropriate that all programs that are funded with a limited time period—as this one was funded—should have a review and assessment at the end of the period and then forward funding be worked out. It is our intention to carry out a review this year to look at the way in which bioinnovation operates in relation to the venture capital fund and work out how best to continue in the out years. Like you, I am highly supportive of bioinnovation.

**Mr HAMILTON-SMITH:** The opposition joins you in regarding it as a great asset to the state, but could I have more detail on exactly how that \$3.7 million this year and \$4.7 million next year will be spent? How much of that will be used to run bioinnovation in salaries, office rental and base costs? How much will be available for programs and what will those programs be?

**The Hon. J.D. LOMAX-SMITH:** I do not think the office base funding has changed since this government was elected. There are obvious overheads, including rental and staff costs. There have been additional staff to act as directors of particular industry sectors that have been brought on board. Over the next year there will be ongoing feasibility studies for the establishment of the bioscience business incubator at Thebarton.

In August we will be cohosting AusBiotech 2003 in Adelaide. They are co-partners of a thinker in residence. We have two science thinkers out of the Thinkers in Residence. One is Susan Greenfield, who is being partnered by another

organisation. She has written a lot of material about the brain and a particularly readable book called *The Secret Life of the Brain*, should you wish to read it. But the Thinker in Residence who is being co-partnered by Bio Innovation is Maire Smith, who is a commercialisation IP expert. There is a goal, as there has been each year, to produce five new companies. As you will recall, last year the target was met by nine so there was an over-delivery, and we would hope that they would do well again this year.

The organisation has been charged by work from the Premier's Science Council with developing and finalising a whole of government intellectual property policy, because the impediments to science in this state relate not to the quality of the research or the intellectual property but to our capacity to leverage that intellectual property into employment and economic benefits. One of the issues we face is that some of the IP is in primary industry areas, some in hospitals and some in universities, and the difficulty with co-partnerships across the sectors is that each of those sectors has a different IP policy. We want a whole of government policy.

As ever, they will provide high-level commercial and business development assistance to research and start-up companies and advice on commercial intellectual property management to the bioscience community. To promote bioscience capabilities both nationally and internationally they will be involved in workshops and conventions. But they will also be maintaining an active education program through networks, functions and workshops. One of the main on-the-ground impacts, or virtually on-the-ground impacts, will be the expansion of the AIB labs concept, with more major equipment being shared by science precincts and science users so that there is an opportunity to invest in joint use equipment, and that will continue in the next year.

So, there is a very strong agenda for the next year, but the key planks will be the involvement with the bioscience precinct at Thebarton, which has to be worked up quickly, and the expansion of AIB labs as well as all the other ongoing activities. I should add that much of the IP work is being run through the Senior Management Council, not through the Science and Research Council; I apologise.

**Mr HAMILTON-SMITH:** Will the review that the minister is conducting of Bio Innovation SA's role be made public, tabled in the parliament and available to us all? Secondly, will some of this funding be used for seed capital to generate new companies? Is Bio Innovation SA in effect in the business now of providing not venture capital, the amounts are too small, but funding and start-ups and providing capital grants and subsidies, and is it also in the business of funding fellowships—this concept of bringing an academic and his team into a university? Is it still going to provide funding? I note that the minister made an announcement about that last year and I think some funds were used to establish a fellowship in each of the universities. Will we still have funds for that?

**The Hon. J.D. LOMAX-SMITH:** Absolutely. The funding that goes to the private sector and public research bodies is initially assistance for proof of concept. It is not venture capital or angel capital but essentially proof of concept, early start-up work, which is too small for venture capitalists. There are then fellowships, which would go to key workers who are capable of bringing an entourage of post docs and some research money, and having input into key sectors, which might be proteomics or nanotechnology, and those funds will continue.

**Ms BREUER:** I refer to Budget Paper 4, Volume 3, page 11.14, Program: 2, Science, Technology and Innovation. I heard the minister mention Thebarton earlier. Why did the government purchase additional land at Thebarton?

**The Hon. J.D. LOMAX-SMITH:** The concept of a purpose-built science park is one that to some extent has been pioneered in this state, and I acknowledge that the previous government had a very strong part in this and acknowledge the commitment that the leader had to this project when he was premier. The area to date has allowed the development of six bioscience companies on the land that has currently been subdivided, which is a 2.2 hectare site. There have been four purpose-built facilities with a floor area of 11 200 square metres. Three of the companies are publicly listed (GroPep, Bionomics and Bresagen), but in addition there are Medvet Science, TGR Bioscience and Primegro.

A needs analysis of the science sector in South Australia, conducted by Bio Innovation SA, demonstrated that there was a shortage of wet lab space and a shortage of commercial lettable areas, and there are very specific requirements for commercial bioscience companies to do with airconditioning, ventilation and energy performance. It was fortunate that the land adjacent to this site was available for sale during the last two years. The government purchased 4.8 hectares adjacent to the 2.2 hectare site it owns currently, and now the infrastructure will be developed, allotments created and services put in place following the preparation and any required decontamination of the land, to allow for the sale of land sites to bioscience companies.

It is expected that the development will occur over the next four to five years. One of the first facilities will probably be an incubator/accelerator to provide laboratory and office accommodation, along with some specialised business development support activity to assist growth. This will provide support to the 14 new companies that have been established throughout SA in the past two years. As we speak, 250 science and technology graduates and postgraduates are employed in the precinct, and this is expected to grow to 480 employees within the next three to five years. The site has opportunities other than just lettable floor area in that it allows collaboration between various businesses and research centres.

It allows some sharing of facilities but it also has an urban design outcome in that it allows the opening up of the river bank precinct and a pathway along the riverside frontage, so that there are both social and economic benefits from redeveloping the site.

**Mr O'BRIEN:** What progress has been made on the Australian Centre for Plant Functional Genomics since it was announced in May 2002?

**The Hon. J.D. LOMAX-SMITH:** This is a \$58 million centre, supported by \$12 million from the state government, which includes \$5 million for the building and \$7 million for research. The centre was established in record time, being incorporated by December 2002, and will continue to operate indefinitely. The first round of funding is for a period of five years, with an expected renewal from the Australian Research Council and Grains Research and Development Corporation for another five years, subject to satisfactory progress of the centre. The inaugural CEO is Professor Peter Langridge and the inaugural chairman is Mr Nick Begakis.

The shareholders in the development are 39 per cent the University of Adelaide; 21 per cent GRDC; 19 per cent the SA government; and 21 per cent split between Agriculture Victoria, the University of Melbourne and the University of

Queensland. The centre has already been awarded a Federation Fellowship of \$1.4 million over five years to appoint Dr Mark Tester from Cambridge University. Dr Tester's research expertise is in salinity tolerance in cereals. The centre will be housed in a new building at the Waite called the Australian Plant Functional Genomics Centre. The building cost will be \$9 million financed by the state government, with \$7 million from ACPFG and \$2 million from SARDI and the University of Adelaide contributing \$2 million. Construction commenced on 4 December 2002, and we expect completion by December 2003. The building works are progressing as we speak.

**The CHAIRMAN:** We will now move on to Playford Capital. Does the minister have an opening statement?

**The Hon. J.D. LOMAX-SMITH:** Yes, Madam Chair. Playford Centre's purpose is the development of the South Australian information and communication technology industry, especially through the formation and growth of start-up businesses. Playford Centre has set up a subsidiary company, Playford Capital Pty Ltd, which is 95 per cent owned by Playford Centre. Playford Capital holds a \$10 million grant from the federal government's Building on IT Strengths (BITS) program. Playford Capital is two years into a three-year program to invest this \$10 million into start-up and early stage ICT companies in South Australia by taking a minority equity stake in these companies.

South Australia receives less than its per capita share of venture capital. Before Playford Capital commenced investment, less than 2 per cent of money was invested in Australia. Playford Capital helps to fill the shortfall by investing amounts of \$200 000 to \$450 000 from the BITS fund and attracting other investors alongside of Playford Capital. This investor attraction activity is termed by Playford as a money-magnet. Playford's decision to invest can be used by the investee company to attract other capital providers such as 'business angels' (high net worth individuals who provide money and business expertise to companies) or venture capitalists to co-invest.

Normally, Playford money will be the first professional investment, and Playford's capital and support will prepare the business for investment by second round financiers. Playford Capital provides more than just money; it also mentors start-up firms, providing experience in start-up management, exports, technology, commercial agreements, marketing and finance. Playford Capital staff work alongside the management of the investee companies.

Playford Capital works with venture capital companies from around Australia. It provides 'pitch sessions' for companies: opportunities for South Australian start-ups to present to venture capitalists whilst they are in Adelaide. Playford keeps reference materials which describe the size, investment, scope and management of every venture capital provider in Australia, and it is also a member of the Australian Venture Capital Association.

In the financial year 2002-03, which is the second year of operations with the BITS fund, Playford Capital invested \$1.7 million in eight companies, two of which were existing investees. It also attracted \$5.2 million of co-investment funds from venture capital and business angels. Playford Centre's first fund (which completed investment in 2000) will achieve returns above the budgeted level of \$179 000, with expected cash returns of \$246 000 this financial year.

The Playford Centre is a small body, effectively filling a funding gap for high-growth start-up ICT businesses in South Australia, investing funds and leveraging further capital from

professional investment funds and business angels. Playford Capital has attracted more than \$12 million worth of investment into South Australian technology business start-ups since late 2001. Funding of \$1.432 million will be provided to continue this organisation's task of attracting and supporting innovative new industries which create jobs and growth in South Australia.

**Mr HAMILTON-SMITH:** Will the minister outline what specific programs and activities are planned by Playford Capital and the Playford Centre in the coming year, and how much money will they inject into the innovation economy in 2003-04? The minister has outlined the original funding, but I wonder how much real money will be there in 2003-04 to be injected into the innovation economy in this state through specific programs. I am looking for some details.

**Mr THOMAS:** In the coming year, Playford estimates that it will commit \$4.61 million into the South Australian innovation community. In addition to that, there will be approximately \$150 000 worth of other activities (small grants, investee meetings, and so on), which we also pay for and organise, but the principal amount of money is the \$4.61 million that we are investing in companies by taking equity stakes.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 3 (pages 2.30 and 2.31). I note that BioInnovation SA was given a \$1 million budget top-up, but Playford does not seem to have had any new money allocated to it in 2003-04 or in the out years. In fact, it has a reduction over each of the next three years which I think totals \$371 000 in reduced overheads at the Playford Centre. With apparently no new money from the budget going into Playford Capital or the Playford Centre and money coming out in overhead efficiencies, I wonder what the long-term future of the capital fund is. Where will the growth come from? The minister mentioned the Venture Capital Fund, which is elsewhere, but specifically in regard to Playford Capital is there any new money to come in, and how will this cut affect its operations?

**The Hon. J.D. LOMAX-SMITH:** It is a federally funded project, that is the first issue, and the relationship between the Venture Capital Fund and the Playford Centre is yet to be fully resolved. It will be resolved with time.

**Mr HAMILTON-SMITH:** I gather from the minister's answer that there is no state government money going into Playford Capital or the Playford Centre but there is some money coming out in terms of the reduction of overheads that will go back into the Treasury.

**The Hon. J.D. LOMAX-SMITH:** This year we will again review the progress of Playford. Of all the BITS funded projects across the country, it has probably been the most successful.

**Mr THOMAS:** A review was done of three of the 10 BITS incubators earlier this year, and the result was that Playford got the gold star, if you like.

**Mr HAMILTON-SMITH:** I agree. I congratulate the government for the way it has got behind the idea of Playford Capital and BioInnovation SA as well as the GRDC project of Waite and the Thebarton Biosciences Precinct, because they are all ideas of the former government which have been continued—I think that is commendable. However, regarding this new idea of the government to form a Venture Capital entity—the Venture Capital Board is mentioned in Budget Paper 3 (page 2.11)—I am interested to know what the implications of that are for BioInnovation SA and Playford Capital. I have read Robert de Crespigny's press release announcing that Roger Sexton will head the board. It

mentions that the government is seeking to bring these things together.

Are we heading towards the point where the Venture Capital Board will absorb Playford Capital and BioInnovation SA and become, if you like, one entity, or is it the government's vision that the three entities will remain separate? If they are to be absorbed into one entity, will that entity fall under the Venture Capital Board and then perhaps move to the Department of Business, Manufacturing and Trade or is it likely that Playford Capital and BioInnovation SA will remain under the minister's tutelage while the Venture Capital Board remains with Business, Manufacturing and Trade? Will the minister indicate where the government is going in this respect?

**The Hon. J.D. LOMAX-SMITH:** BioInnovation and Playford Capital fulfil very special roles, which are different from those of the Venture Capital Board. I think it is true to say that the brief for the Venture Capital Board is at the level of investment that does not include the proof of concept and pre-angel work, mentoring and industry specific knowledge that is obtained from either Playford or BioInnovation. However, it is necessary to review operations and work out a relationship between those organisations, and clearly we will do that over the coming years.

**Mr HAMILTON-SMITH:** What is the minister's view about that as the Minister for Science and Information Economy? Is it your vision for your department that BioInnovation SA and Playford Capital ought to remain where they are, or would it be your view that there might be synergies from absorbing the two into the Venture Capital Board?

**The Hon. J.D. LOMAX-SMITH:** I believe that the operational level of activity from all those organisations is at a highly developed and sophisticated level, but I also believe that government has opportunities to work differently. I am very keen that each of my portfolio areas and other areas of government find ways of collaborating. We will have to work towards finding the most effective way of doing what is best for the community. I have no pre-conceived ideas. I believe the functions are operating well, but there is clearly a market failure in venture capital. BioInnovation is not a venture capitalist organisation, and Playford does things that a commercial venture capital organisation would not do, so we are looking at different areas of market failure and industry failure and injecting resources, skills and money into those areas. How best that is done over the next 10 years we will have to wait and see.

**Mr O'BRIEN:** Will the minister outline the major achievements of the Playford Centre and the role it has played in assisting South Australia's economic development?

**The Hon. J.D. LOMAX-SMITH:** I thank the member for Napier for his question. Playford's role is to contribute to the state's economy by facilitating accelerated growth and development of the South Australian ICT companies in the state. Playford Centre was established with Playford Capital as a controlled subsidiary, and Playford Capital was awarded \$10 million of BITS funding as an incubator program. The \$10 million is being invested into start-up ICT companies that demonstrate potential for growth. Playford invests up to \$450 000 in these companies. These are the ones they judge as having the capacity to develop world class products and services and are therefore capable of achieving high growth.

Companies that satisfy this high growth criterion are encouraged to apply for investment by submitting a business plan. Provided applicants satisfy basic selection criteria and

have a significant possibility of being successful, their business case undergoes a rigorous evaluation process. Applications are assessed on the basis of the uniqueness and technical superiority of their product or concept, the market opportunity, the capabilities of the key people involved in the business and the levels of investment required to commercialise the product. Applicants are subjected to reference checks, and comprehensive due diligence is undertaken.

Typically, investment is performed through equity financing. This type of financing is preferred by early start-ups and is the standard investment method used by other venture capital firms. Playford usually seeks to act as a money magnet, that is, to work with the company to raise money from other investors. Playford Capital is investing alongside other investors. It ensures that all its investment dealings are on normal commercial terms. A single point of contact, the investment manager, works closely with the company to assist as it expands and to help raise additional capital. Companies which are considered likely for future investment but which are at a very early stage in their development may receive a small amount of money, typically around \$10 000 to \$20 000, in exchange for an option for Playford Capital to invest at a later date when the company matures.

**Mr HAMILTON-SMITH:** In addition to the answer to your last question, will you explain this evaluation process for each proposition that is put to Playford Capital? Who does that evaluation, how does the evaluation process work and what probity arrangements are in place to guard against not misappropriation but misuse?

**The Hon. J.D. LOMAX-SMITH:** Conflicts of interest?

**Mr HAMILTON-SMITH:** Not only conflicts of interest but also unwise and unsound investments. The process is obviously required to a degree to pick winners and losers, and obviously propositions must come forward which have to be evaluated and judged. What probity arrangements and checking processes are there to ensure that the money is being accountably and responsibly allocated out to applicants?

**The Hon. J.D. LOMAX-SMITH:** I can assure you that I am not part of the committee that vets those proposals; it is quite appropriately done by a subcommittee of the board which then takes the decisions to be made by the board. There is due diligence, and my understanding of the investments is that you can have the best idea in the world, but if you cannot run a business and you have no marketing skills you probably do not get an investment. A good idea is a *sine qua non*, of course, but the investment decisions are made on the basis that if you have a good idea but you do not have management, HR and financial accounting skills or marketing ability and you are just a computer whiz, then, whatever the idea is, it will not get funded. It depends on the firm's reaching benchmarks, and the investments are staged; all the money is not paid up front so that they can book a trip to South America. It comes on achieving benchmarks and satisfying criteria along the process of the investment and if the company cannot achieve those benchmarks the money is stopped. The board complies with company rules in its duties of care and there are conflict provisions in the board papers, so they declare an interest and do not vote on any matters in which they might have a pecuniary interest.

**Mr THOMAS:** One of the other things to point out is that, before anything reaches investment level, it goes through a single person who has reviewed the proposal and put up a submission to the management team. They review that and they meet the person or team being invested in. We all have

to approve that investment and at that point it goes to the investment committee which, as the minister said, is a subcommittee of the board, which then approves it again. In answer to your question as to whether there is sufficient due diligence and process, I think there is. When the company reaches each of the required milestones or benchmarks, we check that that benchmark has been met. As an example, today someone met one of their benchmarks and we rang the customer to verify that the sale had occurred that resulted in the benchmark being met. So, we check that each of the benchmarks has actually been achieved through some sort of objective evidence that it has been completed. I think a fairly strong process is involved there to ensure that the money is invested wisely and to the best of our ability.

**Mr HAMILTON-SMITH:** As a supplementary question to explore that: which branch of government is Playford Capital ultimately responsible to? Is it federal money, with reporting to you, the minister for science. Ultimately, does anyone in government have an obligation to overview and take responsibility for any wrong decisions, wastage of public money or dispute that might emerge between one applicant and another?

**The Hon. J.D. LOMAX-SMITH:** My understanding is that there is an element of risk in this sort of funding. Not every investment will reap dividends. There is an expected and acceptable level of failure, and I think it is true to say that we have achieved above industry standards in that risk management. Having said that, if there is any impropriety and you are aware of anything please tell us and we will investigate it.

**Mr HAMILTON-SMITH:** Not at all, but the opposition certainly understands that this is a unique fund and that we would not expect every hit to be a winner. I will move on to my next question, which relates to Budget Paper 3, page 2.31—Promulgation of the Premier's Research and Innovation Fund, for which your department will be responsible, minister. I understand that, in a way, this is replacing the \$40.5 million innovation fund the previous government had established, in that it sounds like it is a fund there for the next step from Playford Capital. If Playford, if you like, is helping people get started, I imagine that there is going to be a connection between Playford Capital and possibly BioInnovation SA and that \$1 million per annum fund that you have created. Could you explain your vision for that fund and how it might interconnect with Playford?

**The Hon. J.D. LOMAX-SMITH:** If I can I go back to your original assertion about how \$1 million equates to \$40.5 million. This government has invested \$62 million in 2003-04 in science, innovation and technology to support research and development activities in the state. I am told the breakdown of these figures are across government and are based on the premise that South Australia has to develop a more innovative society and remain internationally competitive. The budget bids across government build on the preliminary work of the Premier's Science and Research Council and provides a platform for the state government to deliver its ten-year vision.

It is true to say that science does not just occur in my portfolio. It is true to say that science occurs in the Premier's Department in terms of Arlab, where there is X-ray crystallography. There is science, of course, in the Health Department; there is science in Wallaby; there is science even in Treasury where there is high level mathematics; there is science in Business, Manufacturing and Trade in terms of innovative industry development. So, when I tell you this government

put \$62 million into science in 2003-04 you will understand that your original assertion was way off the mark.

We have put \$15.75 million into science, innovation and technology administered by the Department of Science, Technology and Innovation, under the directorate of the Department of Further Education, Employment, Science and Technology. This directorate will provide an effective whole-of-government approach to this important area. We have put \$8.37 million over four years towards broadband infrastructure, with particular emphasis on regional initiatives and improving connectivity to existing networks. We have put \$2 million over four years towards the Centre of Automotive Safety Research, to be based out of the University of Adelaide. We have put \$11.4 million over four years to establish a venture capital fund to help South Australia's venture capital sector support promising technology ventures. We have put \$6 million into the expansion of the South Australian Bioscience Precinct in West Thebarton.

We have put \$30.4 million plus in 2003-04 for research and scientific services from Primary Industries and Resources. We put over \$8 million in 2003-04, I am told, to support health research and development from the Department of Human Services. This builds on significant investments last year. Through science, technology and innovation 2002-03 we committed \$12 million to the Australian Centre for Plant Function and Genomics. We provided \$3.7 million towards the major national research facilities funded that year: that was \$2 million to the Australian Plant Genome facility; \$1 million for the Australian Proteome Analysis Facility; and \$0.70 million towards the national wine industry research cluster. In that year there is an additional estimated \$8 million for health research and development. So I think that the opening comments are neither justified nor accurate.

In relation to the \$1 million that has gone into the fund that you have described, it will be designed to produce a more strategic approach to our whole-of-government investment in research funding. The role of the public expenditure will be in developing the science and technology infrastructure base and it will be used for R&D and innovation across the economy and ultimately for securing and enhancing both public welfare and employment and wealth creation.

The Premier's Science and Research Council has nominated the establishment of a research and innovation fund as one of its key priorities, and that was one of the decisions that was made in the recent budget. The initiative will establish a dedicated source of funds to support new science projects to align the state's economic development objectives as outlined by the EDB and the strategic research priorities of the Premier's Science and Research Council. The fund will be utilised to support applications to commonwealth funding for backing Australia's ability and it will operate in a manner that is clear and transparent to provide the best outcomes for South Australia.

**Mr HAMILTON-SMITH:** I thank the minister for her very creative re-presentation of the government's books of accounts to make it look as though a lot more is happening than it in fact is. I am sure that if the former government re-presented its books of accounts it would sound even more impressive. But the point of the innovation fund and the point of my question is that, as you probably learned, minister, when you took over the GRDC proposition, \$12 million came from our \$40.5 million innovation fund. As you would have also understood when you picked up the ICT Centre of Excellence proposition, which I think was \$5 million or \$6 million out of that innovation fund, it is necessary for the

state government to make a contribution in order to attract an equal investment from the relevant commonwealth program and from the private sector. Unless you budget that money in the four year financial program, you are in a position of having to go to the Treasurer whenever an opportunity to attract, say, a bio-innovation centre of excellence or an ICT centre of excellence comes up and ask for the money out of head room.

You have allowed \$1 million, but it sounds from your explanation that it is not for that purpose, although you say it is to attract bids. So, I simply ask: where is the pool of money or the allocation, the budget line in your portfolio, which will give you the freedom, should an opportunity come up, to attract a centre of excellence or attract commonwealth funding? How will you equal the GRDC weight or proposition if \$12 million was required? Where will that money come from? I acknowledge your point about the venture capital fund, but where will the money come from to advance a Playford idea, or a bio-innovation idea, to the next step or to simply create a centre of excellence to enable more energy to present itself in this state?

**The Hon. J.D. LOMAX-SMITH:** To date, and I thought that was a point I made, the government has had no strategic view of the competing and various bids that come into government. It is true to say that not every CRC request or NHMRC bid, or any of the other funding sources, always has a commitment to asking for government resources. There is a level of adhocery about the way government resources are applied to various research sectors, and sometimes the bids are not even monitored through the university sector. Through the higher education council and the Premier's science council, there will be for the first time the capacity to work out whether science is focused on the strategic needs of the state or whether science is a pure science development capacity that has no relationship to the economic benefit of the community. In general, I think that it has been the government's view that the funding we put into science should be in areas where there are opportunities for the community to provide employment and wealth.

**Mr HAMILTON-SMITH:** My first question relates to the appointment of the Executive Director of Science and Technology in the Department of Further Education, Employment, Science and Technology, because I understand that it has taken almost a year to create that position. I understand that in October last year cabinet approved direct Treasury funding for the position, but it was not until April this year that advertisements were placed in the national papers, which is more than a six month delay. I understand that, to date, no appointment has been made, resulting in the possible delay of critical planning in science and technology, including the formulation of the science venture capital project. Why has it taken so long and what has been the impact?

**The Hon. J.D. LOMAX-SMITH:** I think that it is fair to say that it would not have been possible to implement a venture capital program until the report of the EDB, which was 11 April. So, that is not a relevant observation. It is also true to say that we have been through a very extensive planning process and an analysis of the functions that were required within the department. As the honourable member can see from the delivery within the portfolio, we have achieved outcomes across the portfolio in terms of funding and capability.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 3, program 2, page 11.15. This part of the budget

paper reveals a decrease in grant operating revenue. This grant operating revenue seems to have gone from a budgeted \$101.465 million in 2002-03 to a budgeted \$89.691 million in 2003-04. It is a decrease of \$11.774 million. I am curious about that change.

**The Hon. J.D. LOMAX-SMITH:** I will refer that very specific question to Ian Proctor who is the Deputy CEO. The total revenue has gone up from 380 to 394.

**Mr PROCTOR:** We are talking about the net result of changes in commonwealth funding. Some funds have increased, some funds have gone down: the net result you see in front of you. But, importantly, there is one particular area of significance of about \$5 million in the area of non-TAFE registered training organisations about which I am advised the deliberations are ongoing and it is more than possible that that will not result in a reduction in funding at the completion of that work.

**Mr HAMILTON-SMITH:** Part of the reason I am interested in this is that in Budget Paper 4, Volume 3, program 2, page 11.15, expenses in regard to grants and subsidies show a decrease from an estimated result in the financial year 2002-03 of \$27.9 million to a budgeted outcome of \$15.943 million, a matching reduction of about \$11.965 million. Does this confirm a reduced performance in attracting grants from the commonwealth and other sources that may have resulted from decreased funding to science and technology innovation stakeholders? We talked earlier about attracting commonwealth grants and about needing to put in your own money.

**The Hon. J.D. LOMAX-SMITH:** The federal government funds for matching grants do not come into our budget. They never pass through our hands. They go to the university and then they count as an expense to us, not as a grant to us. We do not get the grant for a CRC; it goes directly into a university.

**Mr HAMILTON-SMITH:** I understand that. That would be in the instance of a CRC, particularly a university claim. However, I refer to a bid that you might make that is not university driven; for example, you might bid for an ICT centre of excellence which is a syndication of a range of groups or for a BioInnovation centre of excellence.

**The Hon. J.D. LOMAX-SMITH:** My understanding is that the state government does not bid for research funds out of my department. My department is involved occasionally in matching funds, subsidies and grants. They are an expense, not a revenue. To my knowledge federal funding for research does not come into our department.

**Mr PROCTOR:** At the more detailed level, here we are seeing in some cases the expenditure side reflection of what you saw at the top of the page. It is the contra entry. Importantly, an \$8 million reduction is just a reclassification in the Hyperion accounting system used by Treasury. It will appear elsewhere in budget papers.

**Mr HAMILTON-SMITH:** It appears that we are not performing as well as we were in attracting grants from the commonwealth.

**The Hon. J.D. LOMAX-SMITH:** We do not attract grants into our own budget for research. We have grants funding into the department, which is ANTA matched funding and that sort of thing, but not science, as that is not a budget line we recognise.

**Mr HAMILTON-SMITH:** It would appear that fewer dollars are coming in from the commonwealth.

**The Hon. J.D. LOMAX-SMITH:** We do not believe that that is happening. We believe that the federal government's VET funding has had increases.

**Mr PROCTOR:** In some cases there are programs that cease, for example, and the commonwealth funding may not continue but that is not due to anything we have either done or not done. It was intended to finish at a particular point in time.

**Ms CICCARELLO:** I refer to Budge Paper 4, Volume 3 (pages 11.3 and 11.14), program 2, science, technology and innovation. Will the minister outline the initiatives in the innovation programs component of the science, technology and innovation budget?

**The Hon. J.D. LOMAX-SMITH:** I thank the member for Norwood for her interest in this area. We have provided \$1.527 million in the budget to support innovation programs, and this funding will be managed through the science and technology directorate in the Department of Further Education, Employment, Science and Technology. The specific components to be taken up by this program are a range of innovation awareness programs to foster improved awareness from science and innovation among school students and the wider community, including a continuation of the Tall Poppies program, Science in Schools and National Science Week activities, as well as leveraging commonwealth innovation awareness programs.

There will be a Premier's science award to recognise excellence in science research and to enable gifted researchers to attract talented people to their research teams. In addition, there will be funding support for the Premier's Science and Research Council, and support for an advisory panel, as well as support for an information, communications technologies research and education cluster in South Australia aimed at strengthening research excellence and innovation in the field. This cluster will be developed in collaboration with the state's universities, the DSTO and local industry.

The innovation programs will support the state's science and research capabilities and improve the level of innovation across all sectors in the economy. It will also improve community understanding and awareness of the importance of science and innovation to South Australia's economic future. Effective investment in research and investment and our capacity to capitalise on that investment will make a difference to the state's future economic and social wellbeing.

**Ms CICCARELLO:** I refer to the same page and volume. The minister has mentioned the Premier's Science and Research Council which has been in operation for a year now. Will the minister provide an update of its activities and information on relevant budget initiatives?

**The Hon. J.D. LOMAX-SMITH:** The science budget this year was significantly affected by the deliberations of the Science and Research Council. The initiatives that were within the budget were those which received overwhelming support and were recognised by all sectors represented on the council as being integral to our state's future development. The council held its first meeting in August 2002, and it met most recently in February this year. However, apart from that, there are ongoing and regular meetings of a whole range of working groups that will report back to council in the next month.

The government has now funded the following key initiatives for the 2003-04 financial year, based on advice from the council: first, the establishment of the South Australian science and research fund to encourage a more

strategic approach to the government's investment in science infrastructure; secondly, \$3.135 million for improved high performance computer capability and the high speed broadband link to the national research network; and, thirdly, \$1.527 million for a base innovation science and research capacity for undertaking the range of activities that I have described earlier for enhancing the state's research capacity.

The council has also played a critical role in emphasising the importance of innovation, science and research to the state's future economic growth, and the Economic Development Board has supported this emphasis through its framework for economic development in South Australia. The council is now focussing on the following key issues: commercialisation of South Australia's intellectual property and any barriers that stand in the way of progressing that area; enhancing science education, both in school and in the community; and leveraging commonwealth funding and infrastructure investment.

The working groups that have been formed around each of these areas with the task of assessing South Australia's current situation and developing recommendations regarding strategies to tackle each of these issues will report shortly. We expect that the working group's findings will be at the next full council meeting on 9 July and, following discussion on the findings and prioritisation of these recommendations, the council will be drawing together its work into a final 10 year vision for science and research. It is proposed that this will be presented to the government for consideration by October 2003.

**Ms CICCARELLO:** Given that the Premier has been such a supporter of science himself, can the minister provide some information on the Premier's science award contained in the innovation program component of science, technology and innovation budget?

**The Hon. J.D. LOMAX-SMITH:** Funding will be allocated from the science, technology and innovation budget to support the establishment of a prestigious Premier's science award. The science award will be established to recognise excellence in science research and enable gifted researchers to attract talented students, graduates, postdoctoral fellows or research associates into their research teams. The award provides recognition and support for talented, up and coming researchers in our state. It is proposed that up to five awards will be made annually, with matching funding to be provided from a research institute or a private sector funding partner. Candidates must work at a South Australian university, TAFE, hospital or research based organisation. The area of research must align with the state's research priority areas, identified by the Premier's Science and Research Council 10 year vision, and the Premier's Science and Research Council will advise the Premier on the recommended candidates to receive the annual award. The Premier's science award will provide a focus on these researchers who will have the potential to contribute to the long-term future of the state.

**Mr HAMILTON-SMITH:** Budget Paper 3 (page 2.31) allots \$1.527 million of operational funding in 2003-04 to the new science, technology and innovation division within the minister's department. What is the structure, role and function of the science, technology and innovation division within the minister's department, and does it absorb the former office of innovation of the previous government? How many people are in that division, what do they do, and how will the money be spent?

**The Hon. J.D. LOMAX-SMITH:** In relation to the operational issues I described earlier as the initiatives for the \$1.527 million, I have talked about the initiatives. The areas that I have previously described have been subsumed into DFEEST, and the functions of the department will be to support the Premier's science council, to administer the research and innovation fund, to carry out research and development of programs, and to manage the programs that we institute ourselves. It will also include management of the Information Economy Advisory Board and the correlation between these boards and the EDB, but, most particularly, the skills and employment development part of my portfolio through employment and education. The actual structure of the staffing is not a function that I control. I will ask the CEO who manages the staff to answer the question.

**Mr BLACK:** The staffing of the division brings together the officers of the existing units in the Office of Innovation and the Information Economy Policy Office. Those two functions will be the basic components of the division. An executive director will be appointed, literally in a few days. I have the recommendation on my desk. I have awaited the appointment of the executive director to finalise the total resourcing roles and functions of the two branches of the division. On notice we could provide the honourable member with information about the FTE levels and the total budget.

**Mr HAMILTON-SMITH:** How was the former Information Economy Policy Office broken up? Some of it would have come to the new department, some of it probably stayed with DAIS, and some of it may have gone elsewhere. Do you have knowledge of how it was broken up? How many people went to you?

**Mr BLACK:** We obtained the full role and function. A few people, for their own professional reasons, decided to go elsewhere, but the FTEs stayed with DFEEST.

**Mr HAMILTON-SMITH:** Was IEPO administering contracts and in the business of running some contracts? Did that function come to you?

**Mr BLACK:** That function has come to us. As part of the new department, we have undertaken a review of the role and function. I have received a report on that. Essentially, we are proposing to concentrate our efforts more on providing advice to government on policy regarding the information economy, the connections with the industry, and the supporters to the Information Economy Advisory Board, and less on projects than had been the case. We have a number of projects still in operation. We are looking at the future of those, and whether it would be more appropriate to have another agency, within government or outside it, to operate those projects in the future. The practical reality will be that in future times what was IEPO will still generate new project work of various sorts, but we believe the future for it is more appropriately having the major emphasis on policy development, in association with the industry.

**Mr HAMILTON-SMITH:** If policy advice is to be the core competency ultimately of your branch of government, to whom does your department provide that strategic policy advice mentioned in Budget Paper 4, Volume 3, page 11.5 on information economy, ICT and biotechnology? What interdepartmental or other mechanisms have been created to facilitate this passage of advice? How much say does your department have on matters to do with, say, the EDS contract or other initiatives of government? What devices and mechanisms have been established for you to provide strategic policy advice as predicated in the budget?



**The Hon. J.D. LOMAX-SMITH:** I think the heart of the question is whether we are involved in the procurement and management of contracts for services. We do not do that. What happens with all the consultations and processes set up in other departments, particularly in DAIS, is that the Information Economy Policy Office does advise and inform of the needs of the local industry and the advice that has been received by us from our advisory board. We have made it a practice in government to get into serious connectivity in terms of linking not just the departments, but also the review and advisory bodies. We have tended to have cross-membership of several of the bodies involved. In relation to the advisory boards, for instance, someone on the science council is also on the Information Economy Advisory Board.

We have links between the ministers involved in information economy at cabinet subcommittee level, and we do make a practice of considerable consultation and information exchange. We do not actually manage the contracts for outsourced activities, but we do manage such things as the Networks for You program. The areas of significance include the chief information officers forum, which is an across government body to allow each department to have a say in these issues, and a cabinet subcommittee that links all the ICT types of activities together. They discuss those issues jointly. I am a member of that.

**Mr HAMILTON-SMITH:** I will come back to Networks for You in a minute, because I have a question on that. Budget Paper 4, Volume 3, page 11.6 refers to the Information Economy Advisory Board, which is a creation of this government. What is the structure, role and membership? Who is on that board? What funding will it receive? How many meetings have been held so far and what outcomes have been achieved?

**The Hon. J.D. LOMAX-SMITH:** Two meetings have been held. The board comprises a chair, Professor Chris Marlin; Cheryl Bart, who links in with the Economic Development Board; Geoff Thomas, CEO Playford Capital; Tania Paull, who links in with PLAIN (Public Libraries Automated Information Network); Simon Hackett from the private sector and CEO of Agile Communications; Margaret Price is a senior consultant with KAZ Technology Services and is also on the Playford Capital Board; Madeleine Woolley of the Social Inclusion Unit; Phil Ingerson, chair of the IT council, and, ex-officio, the CEOs of DFEEST, BMT and DAIS.

**Mr HAMILTON-SMITH:** Is that a paid board?

**The Hon. J.D. LOMAX-SMITH:** It is a non-government board remunerated at a rate determined by the Commissioner for Public Employment, but not for the staff. The board is in the process of providing advice on setting priorities for the state in terms of policy on the information economy. To date, a critical issue that has been identified has been broad band infrastructure, and some of that has been addressed in the budget, but the board is now looking at strategies and we are establishing a cross-government linkage with other agencies that also have an interest in this issue.

**Mr HAMILTON-SMITH:** Earlier, the minister noted the Networks for You project, which was one of the IE 2002 initiatives of the former government. It is dealt with in Budget Paper 4, Volume 3, page 11.16. Networks for You was originally to provide internet access centres and trainers in regional and rural areas. What is the level of investment in the Networks for You project, what has it achieved, what is the future vision for that project and where is it at present?

**The Hon. J.D. LOMAX-SMITH:** The program has been under way since February 2000. It is a rural economic and social development program aimed at getting more rural South Australians on line. From that point of view I think it has been very successful. Part of its impact has been not just on those individuals from business and the general community who have learnt skills, but also in the way it has leveraged involvement by young people in the mentoring and coaching programs. It has all been based on existing community facilities such as schools, libraries, council offices and Family and Community Service offices as access points to the internet. They have been badged as networks centres. There have been 250 centres set up, badged and operative as at the end of June 2003.

According to Morgan Asteroid Data there has been an increase of 26.2 per cent in home internet connections from the fourth quarter 1999 to the second quarter 2002 in South Australian country areas. This increase is greater than in other Australian states' country areas in the same period. The strength, as I said, has been in those volunteers. There have been 347 registered volunteer internet explainers and 15 community reference groups, each of which provides important local information and advice to the program's implementation in the regions. A proactive nucleus of volunteers is critical for the sustainability of a program such as this and, importantly, for many of those young people it has provided job skills, experience, self esteem and a start in a new career.

The federal government Networking the Nation strategy approved the provision of a pool of adaptive technologies in January 2003, and these can be used to enhance delivery of internet training to people with disabilities in rural South Australia. The equipment is currently being made available to operate in conjunction with the Networks for You program. The financial information that I think the honourable member sought was that \$342 500 was granted for stage 1 during 1999-2000 by the commonwealth department (stage 1 was completed in 2001); \$3.8 million was approved for stage 2 in 2000-01 (to be progressively paid over the duration of the project as key milestones are achieved); total state funds approved in 1999-2000 for the duration of the project were \$1.633 million; and \$195 900 was approved in January 2003 to be provided by the commonwealth Department for Communications, Information Technology and Arts.

Networking the Nation, as a variation to the Networks for You program, is for the provision of adaptive technologies and modified training materials for the disabled in rural South Australia. The program is drawing to a close. It has been very successful.

**Mr HAMILTON-SMITH:** When the minister says 'drawing to a close', when will that close occur and is there any funding in the out years for this program or one with the same objects?

**The Hon. J.D. LOMAX-SMITH:** It finishes at the end of the year, and one of the opportunities that the advisory board will have will be to discuss what other strategies might be put in place to bridge the digital divide.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 3, page 11.16, Services SA, and my question is the same: what has become of the Services SA program in regard to funding and achieving the objects of that program, and where are we at present?

**The Hon. J.D. LOMAX-SMITH:** That is DAIS. I am afraid it is not in my area.

**Mr HAMILTON-SMITH:** Getting back to the Thebarton Bioscience Precinct, Budget Paper 4, Volume 3, page 11.6, the minister noted that she will be the lead minister. Does that mean that the minister will have unfettered financial responsibility for that project? Are all aspects of that project to come under the minister? How much will the project cost over the full four years of its implementation? The minister may have given some of this information in an earlier answer, but what does she expect the four-year financial plan to be and will she be completely responsible for that financial plan?

**The Hon. J.D. LOMAX-SMITH:** I do not believe that ministers have unfettered responsibility, because there are some checks and balances in place. But the funding for this project was provided through the Office of Economic Development. The purchase and many of the staff involved in the project who are forming a joint management committee are part of that department, but they will report to me. The budget was \$6 million, in round figures, and that is for the purchase of the land, the preparation of the site and the infrastructure investment.

**Mr HAMILTON-SMITH:** In regard to the negotiating price for purchase, it seems to have taken a long time. This purchase was well advanced at the time of the change of governments back in early 2002. There were some issues, as the minister would be aware, with ground water and environmental issues, etc., but it was pretty well advanced, yet it has taken well over a year for it to reach a conclusion, or a point of progress. In that time, the price seems to have gone up. Does the minister know how much more it has cost us, if at all, over the last 12 to 18 months as a consequence of the delay?

**The Hon. J.D. LOMAX-SMITH:** The information given to me was that the previous government was unable to buy the land because of issues to do with the potential for contamination at the site, and there was no agreement about the level of contamination and EPA support for the site and the development. I understand that the owner of the land withdrew the offer to sell and it took further negotiations to put the matter back on the table. During that period, the due diligence, site testing and revaluation took place. I cannot give the honourable member the precise date of the final sign-off, but that occurred only when due diligence had been gone through.

This is not in my portfolio, you understand. At the time of the purchase it was still within the other portfolio. Perhaps as much as half of the \$6 million, although I will check the exact amount, relates to the site preparation and the infrastructure investment.

**Mr HAMILTON-SMITH:** Budget Paper 4, Volume 3, page 11.13 shows that operating expenses for employee entitlements have dropped from \$4.715 million in the financial year 2002-03 to \$3.267 million in the financial year 2003-04. That is a reduction of \$1.448 million in that 12 month period. Will the minister explain to the committee the reason for that reduction in employee entitlements, and have any employees been shed or TVSP redundancy packages granted, or are there other causes for that reduction?

**The Hon. J.D. LOMAX-SMITH:** I cannot answer that question. I will take it on notice.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 3 (page 11.13)—Supplies and Services. Operating expenses have been reduced from \$3.99 million in 2002-03 to \$3.08 million in 2003-04, a reduction of almost \$1 million (I think \$910 000). What suppliers, contractors or service

providers would have been affected by this reduced spending on supplies and services?

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

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 3 (page 11.14)—Program 2. This part of the budget shows the commonwealth BITS funding invested in South Australia is \$4.61 million in the financial year 2003-04. What does the future hold for BITS funding?

**The Hon. J.D. LOMAX-SMITH:** This is straying back into Playford Capital, and those officers have left. I cannot predict the future of BITS funding from the commonwealth.

**Mr HAMILTON-SMITH:** How does the process of securing that funding for South Australia work from the state government's point of view?

**The Hon. J.D. LOMAX-SMITH:** My understanding is that the funding arrived as a package and that it has been spread over those years. We do not reapply each year; we have been granted BITS funding, but I will confirm that.

**Mr HAMILTON-SMITH:** I am trying to ascertain what level of BITS funding we might expect over the next four years.

**The Hon. J.D. LOMAX-SMITH:** We do not know.

**Mr HAMILTON-SMITH:** So there is no engagement at all between the state and the commonwealth?

**The Hon. J.D. LOMAX-SMITH:** Yes, but it was a BITS funded project at the beginning of Playford Capital. We do not know what the commonwealth's decision will be.

**Mr HAMILTON-SMITH:** You have not asked for certain levels of funding?

**The Hon. J.D. LOMAX-SMITH:** The commonwealth government is reviewing its program.

**Mr HAMILTON-SMITH:** Has it invited our input into that?

**The Hon. J.D. LOMAX-SMITH:** I cannot answer that.

**Mr HAMILTON-SMITH:** It is a significant amount of money.

**The Hon. J.D. LOMAX-SMITH:** It is Playford Capital funding.

**Mr HAMILTON-SMITH:** Do you receive any funding other than for Playford Capital from the federal government's Backing Australia's Ability program?

**Mr GRANT:** Under the Backing Australia's Ability program, South Australia has received funding for a number of initiatives including major national research facilities to which the minister referred earlier. There has also been funding under the CRC program where the Backing Australia's Ability program provided more money, and the Plant Functional Genomics Centre was part of that. The Backing Australia's Ability program funding ends in the next financial year. We are currently involved in negotiations with the federal government in terms of the next package of funding for science research infrastructure.

**Mr HAMILTON-SMITH:** Are you able to indicate what we might be seeking in regard to that?

**The Hon. J.D. LOMAX-SMITH:** Clearly, we are negotiating with the CSIRO, the NHMRC and the commonwealth's Chief Scientist. We have a program of consultation and communication with all of those bodies as well as with DEST. So, there is a whole range of communications in which we participate.

**Mr HAMILTON-SMITH:** Do you have any idea in dollar terms of what we might be seeking?

**The Hon. J.D. LOMAX-SMITH:** Clearly, there are a whole range of applications under a whole range of programs

that have been submitted and will be submitted. To date, we have not got the recommendations from either the higher education sector or other bodies.

**Mr HAMILTON-SMITH:** I am asking because I hope there is some over-arching budget strategy to secure a certain quantum of funding from the various federal government programs that are available to support innovation, science and technology and that we might have identified some goals (in terms of one year or four years) and the various commonwealth funds that might be available for us to attack and seek support from, and that there might be an overall budget plan that aims to attract \$X million in grants and funds from the Backing Australia's Ability program and others. That is why I am asking.

**The Hon. J.D. LOMAX-SMITH:** South Australia is very successful in getting federal funds. Our failure lies in the IP commercialisation end of the food chain. That is one of the areas where we want to lift our game. It is tragic that the state government invests so much money and the federal government gives so much research money to South Australia but we have not been as successful as we should have been in converting those research outputs into both employment and economic benefits. Much of our effort goes into leveraging more benefit out of the money that we get, but clearly we are not going to stop making bids. A major part of our strategy is to leverage commonwealth funds for grant money.

**Mr HAMILTON-SMITH:** The 'State of the state' report and the Economic Development Board's framework make the point that in recommending the establishment of a minister for commonwealth-state relations there was a need to ensure that, as a state, we got our fair share of commonwealth funding. You have just mentioned that there is an over-arching strategy for you to gain these funds. I am just asking you to put a figure on it.

**The Hon. J.D. LOMAX-SMITH:** We are involved in those strategies and we have a sub-committee of the Premier's Science Council working on those projects. The other matter that the member for Waite might like to consider is whether he should contact his commonwealth colleagues and suggest that they stop their vicious campaign of retribution to damage our science sector in South Australia by defunding our science research in retaliation against our stand on the nuclear dump.

**Mr HAMILTON-SMITH:** How many dollars have been cut as a consequence of that stand?

**The Hon. J.D. LOMAX-SMITH:** It is a threat from the federal Liberal Party.

**Mr HAMILTON-SMITH:** So, there has been no funding removed?

**The Hon. J.D. LOMAX-SMITH:** It is a threat.

**Mr HAMILTON-SMITH:** Regarding the nuclear dump, the state Labor Party also has a political gain to make. I refer to Budget Paper 4, Volume 3 (page 11.16). Why did the government decide to withdraw its support for the Ngapartji Centre and what intellectual and physical infrastructure has been lost as a result? I know the minister will say that there is some federal funding involved, but I am asking whether federal or private funding might have been secured if the state government had been prepared to commit financially to Ngapartji and if it had seen a future role for Ngapartji. Why was the government happy to stand aside and see Ngapartji close, and I wonder what intellectual and physical infrastructure the state has lost as a consequence.

**The Hon. J.D. LOMAX-SMITH:** Ngapartji was the beneficiary of \$9.75 million of commonwealth funding and

\$2 million of state funding to provide two areas of service. There was a training organisation and an internet cafe. It was not financially viable and it would have required substantial funds from state government since the commonwealth government funding had ended, and there is hardly a market failure in either internet cafes or registered training organisations providing multi-media training. It is an inappropriate use of government funding.

**Mr HAMILTON-SMITH:** Can you clarify that? I am not sure I caught the full intent of your remarks. What was a waste of government funding?

**The Hon. J.D. LOMAX-SMITH:** It was a project that was viable in the beginning because it was supported by commonwealth and state funding. This year it became apparent that it was not a viable business into the future and would have required substantial additional state funding. There was a recognition that within the marketplace there is now no shortage of internet cafes or registered training organisations, so I do not believe that the state has lost either of those facilities. There are adequate resources available in the marketplace to cover both activities.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 3, page 11.16: what funding will be provided to the IT Council of South Australia over the next four years?

**The Hon. J.D. LOMAX-SMITH:** We provided \$200 000 this year and we expect the IT Council to sustain itself in other ways in the future.

**Mr HAMILTON-SMITH:** This will be the final year of support for the IT Council?

**The Hon. J.D. LOMAX-SMITH:** We are negotiating out years now.

**Mr HAMILTON-SMITH:** So, there is the prospect of some funding in the out years?

**The Hon. J.D. LOMAX-SMITH:** We will negotiate, but at the moment this is the last year of committed funding.

**Mr HAMILTON-SMITH:** What level of support will be or has been provided to the Solution City proposition championed by the IT Council and the Adelaide City Council? Has the state government contributed to Solution City and will it be supporting that concept?

**The Hon. J.D. LOMAX-SMITH:** I am informed that \$78 000 has been contributed.

**Mr HAMILTON-SMITH:** That is just in 2003-04?

**Mr TIZARD:** That was a one-off.

**Mr HAMILTON-SMITH:** That was a one-off? The Solution City concept is ongoing, but there is only one-off funding for 2003-04?

**The Hon. J.D. LOMAX-SMITH:** This is seed money; there are sponsors in the IT community who also support the activity.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 3, Program 2 Page 11.14. The Information Economy Advisory Board has been tasked in the budget to produce a strategy and develop key policies. What is the timetable for the completion of these tasks, what terms of reference have they been given and how will their work relate to the former Liberal government's Information Economy 2002: Delivering the Future policy? Will the Information Economy Advisory Board be building on that work? How will the two interconnect?

**The Hon. J.D. LOMAX-SMITH:** I do not think that they will ignore the work that has gone before, but their task is not to continue the efforts of the Liberal government, specifically; that was a project that was put up previously.

**Mr HAMILTON-SMITH:** Will the strategy and key policies they develop be tabled in the parliament or made publicly available for debate?

**The Hon. J.D. LOMAX-SMITH:** The implementation phase will be a public, rather than confidential, process, so the strategy will be made public, yes.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 3, Program 2, page 11.14. The Premier's Science and Research Council is to develop a 10-year plan in financial year 2003-04. When will that plan be completed and when will it be publicly released? Will the plan be tabled in parliament?

**The Hon. J.D. LOMAX-SMITH:** You were not listening.

**Mr HAMILTON-SMITH:** Did you give us a date?

**The Hon. J.D. LOMAX-SMITH:** Yes; I said 2 October 2003.

**Mr HAMILTON-SMITH:** Is that a draft or is that the final plan?

**The Hon. J.D. LOMAX-SMITH:** As I understand, it will be given to government and will come out of cabinet and will then be a final version, yes.

**Mr HAMILTON-SMITH:** It will be a final plan?

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

**Mr HAMILTON-SMITH:** So, will there be any public consultation for that 10-year plan?

**The Hon. J.D. LOMAX-SMITH:** I believe that the council has input from wide ranging and diverse groups within the science community. We had not envisaged putting it out as a discussion paper, and the science council may decide to do that, but at the moment there is no intention of doing that.

**Mr HAMILTON-SMITH:** At the moment it is an in-house process?

**The Hon. J.D. LOMAX-SMITH:** No, it is not in-house, because the representation on the council is from the industry and the research sector. So, in-house is not a fair description, but the science council is informed by a range of broader consultation groups, so it is not just the council itself. I am not sure how many people inform the strategy, but it is more than just the core body; it is quite a wide group.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 3, page 11.16. What has become of the international advisory panel of experts created by the former Liberal government? Has it been disbanded, have the members of the panel been advised and is any funding intended for 2003-04?

**The Hon. J.D. LOMAX-SMITH:** We have had several discussions with the chair on this matter and, clearly, the role of the international advisory panel is one that overlaps with the Economic Development Board, the Information Economy Advisory Board and the Premier's Science Council. We have allocated some funding in the 2003-04 budget and we would like to consult the panel about the outcomes of the Economic Development Board and some of the issues around the science council's deliberations, but to date the landscape is crowded with advisory boards and we have not currently reactivated the board or held a meeting since the election.

**Mr HAMILTON-SMITH:** I am not sure what that answer means; it sounds as though you are in discussions with the chair but I take it that it is unlikely that that group will reconvene.

**The Hon. J.D. LOMAX-SMITH:** The group has met only twice; once before the election and once immediately after the election, so that at the moment the government has its own policy related to the EDB and the Science Council.

Having said that, the international advisory board is a group of very prominent individuals with a lot of international experience and it is our intention that there should be an ongoing relationship, but not in the way it was envisaged by the last government.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 3, page 2.30. How will the \$.316 million of EDS costs over four years be reduced as a consequence of the market price review announced in the budget, and how will this impact upon the innovation, science and technology function? I am asking for an explanation of how those savings will be achieved.

**The Hon. J.D. LOMAX-SMITH:** It is a Treasury initiative that all departments are complying with.

**Mr PROCTOR:** What we are referring to I believe is a public sector-wide saving. It will be a reduction to us, because it will be cheaper for us, if I have read it correctly.

**The Hon. J.D. LOMAX-SMITH:** This is a saving; this is more efficient.

**Mr PROCTOR:** It is a public sector-wide saving, so we will get less supplementation from Treasury, because we will need to spend less, so Treasury will achieve a broader saving.

**Mr HAMILTON-SMITH:** I am sure my colleague the shadow treasurer has quizzed your Treasurer on that. While we are on the subject of EDS, in your view what are the advantages and disadvantages of the EDS presence in South Australia for the growth of innovation and IT-based companies? There has been debate on whether having a major company such as EDS here has taken opportunities away from some smaller IT companies, or whether it has created opportunities for those companies. Do you have a view on that?

**The Hon. J.D. LOMAX-SMITH:** The debate has been widely aired and there are very vehement views on both sides of that argument. Clearly, there are some operators who believe they have missed out, there are some people who believe the contract could be dealt with differently, and there are many instances where there have been employment opportunities out of that business that have been advantageous for individuals. However, the full assessment of the merits or disadvantages of that relationship will be teased out through the inquiries being made by Mr Weatherill.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 3, page 11.16—Funding Support for the m.Net Program. What future do you see for the m.Net program over the coming years, and what future do you see generally for that concept and that initiative?

**The Hon. J.D. LOMAX-SMITH:** Can you explain to me where you see this budget line?

**Mr HAMILTON-SMITH:** It would fall under page 11.16 of Budget Paper 4, Volume 3.

**The Hon. J.D. LOMAX-SMITH:** I am sorry but I do not see the line that you are talking about.

**Mr HAMILTON-SMITH:** Perhaps it is page 11.6, under Targets and Highlights. I understand that m.Net has been one of the projects (and please correct me if I am wrong) that has been funded from within your department.

**The Hon. J.D. LOMAX-SMITH:** I believe that you are wrong.

**Mr HAMILTON-SMITH:** From where was it previously funded?

**The Hon. J.D. LOMAX-SMITH:** I have no idea.

**Mr HAMILTON-SMITH:** You have answered a question on it in parliament, in fact.

**The Hon. J.D. LOMAX-SMITH:** I am prepared to answer questions, but I can tell you that it is not funded by my department. It is not my responsibility.

**Mr HAMILTON-SMITH:** Do you know what department is funding m.Net?

**The Hon. J.D. LOMAX-SMITH:** I have no idea. I am quite happy to find out for you, but I can tell you that it is not me.

**Mr HAMILTON-SMITH:** I would have thought m.Net, having being tested and trialled during the World IT Congress and being mooted as a fantastic achievement by the state in IT innovation, and being a test and trial of an innovative concept, would rightly fit within the science and technology portfolio. I believe it was formerly funded through IEPO—I am not quite sure myself—but I am mystified as to where it has gone. If it is not in science and technology, where on earth is it?

**The Hon. J.D. LOMAX-SMITH:** It is not a project that I have control of. I am not on the board, it does not report to me, and I cannot help you any further.

**Mr HAMILTON-SMITH:** Is it a project that you think should be with you or do you have no view on that?

**The Hon. J.D. LOMAX-SMITH:** I have a view that IT is embedded in many sectors of government—there is IT in every single department and many projects. I do not believe that I need to control the Premier's art laboratory activity, or the Treasurer's mathematicians, or primary industry's wheat research, or the Minister of Health's reproduction technology research. I do not believe that is my role and, while I may answer a question on a piece of technology, that does not mean that I am responsible for an organisation. However, I am more than happy to take your question on notice and track down the organisation responsible and get back to you as quickly as possible in case there is an opportunity to ask a question of the relevant minister.

**Mr HAMILTON-SMITH:** I would be delighted. I suggest that it is an exciting project that may fall very comfortably within the science and technology portfolio. I am surprised that someone else has got it. Moving on, and this is really across the whole portfolio, does the government have a cyber incident response plan?

**The Hon. J.D. LOMAX-SMITH:** I do not know what a cyber incident response plan is. Can you tell me?

**Mr HAMILTON-SMITH:** Does the government have any contingency for what the industry calls—

**The Hon. J.D. LOMAX-SMITH:** Yes, I am sorry, it has come back to me now. There is, but that is a matter in DAIS. Yes, sorry, I do recall that now. It is the ICT responsibility across government.

**Mr HAMILTON-SMITH:** Budget Paper 3, page 2.11. This is in Business Investment and Trade but I am wondering—

**The Hon. J.D. LOMAX-SMITH:** That's never stopped you before.

**Mr HAMILTON-SMITH:** No, it has not. It will not in the future. But, of course, as you have explained, all of your departments are so beautifully connected. I am really wondering whether your department will be involved in the broadband telecommunication task force to develop the state's broadband communications and will any of the funding in this part of the budget come to your department, ultimately, in some way?

**The Hon. J.D. LOMAX-SMITH:** The benefits will come to my department, obviously, because the benefits will be

brought to the community so we will be beneficiaries and we are involved in that project.

**Mr HAMILTON-SMITH:** You are involved?

**The Hon. J.D. LOMAX-SMITH:** But I am not responsible for it.

**Mr HAMILTON-SMITH:** Right. What is your involvement? What is the involvement of your department in this?

**The Hon. J.D. LOMAX-SMITH:** Managing it, strategic development, task force. And there are obviously links with our Centinet link, which was not made by the last government. Even though it goes from Perth to Melbourne via Gawler, it mysteriously was never connected to Adelaide. We were left out of the loop by the last government, so we are putting in money to correct that.

**Mr HAMILTON-SMITH:** So, did I hear that you are managing the project? Is that not correct? No? You are not managing the project?

**The Hon. J.D. LOMAX-SMITH:** Which project?

**Mr HAMILTON-SMITH:** The broadband telecommunications task force that is to develop the state's broadband communication which is funded in Budget Paper 3, page 2.11.

**The Hon. J.D. LOMAX-SMITH:** The money is in the budget for Business, Manufacturing and Trade. The task force has just been set up. It is not yet July. Our department is represented on the task force and it will clearly have an impact on the science community in the same way that the Centinet link will. But I am not the responsible minister for Business, Manufacturing and Trade input into that project.

**Mr HAMILTON-SMITH:** O.K. Now, my last few questions are questions that apply across the whole of the portfolio. There is no specific budget page. Minister, are there any examples since March 2002 where federal funds have not been received in South Australia for your department—any funds you were expecting and will not be received during the forward estimates period, because the state government has not been prepared to provide state funds for a federal/state agreement?

**The Hon. J.D. LOMAX-SMITH:** My portfolio's federal/state agreements only relate to the VET sector in terms of responsibility. Obviously there are implications for the higher education sector, but the money is not directly transmitted through our department. In terms of vocational education and training, funds are essentially ANTA funds and to my knowledge all of those monies have been received, acquitted and supported and we have provided the requisite matching funds. But there is no other component to my knowledge, other than ANTA, where there are requirements for matching funds for departmental activities and, to my knowledge, every CRC or ARC grant that has required funding has been funded. I have no knowledge of any failure to match funds.

**Mr HAMILTON-SMITH:** Again, across the whole of the portfolio, did the science, technology and information economy portfolio meet all of the required budget savings targets for 2002-03 set for them in last year's budget? If not, what specific proposed project or program cuts were not implemented?

**The Hon. J.D. LOMAX-SMITH:** I do not believe there were any targets for savings.

**Mr HAMILTON-SMITH:** No whole of government efficiency targets were set for the minister's department area.

**The Hon. J.D. LOMAX-SMITH:** If the honourable member recalls, the issue last year was that the functions were still embedded in other departments—DAIS, BMT,

PIRSA—so that those functions were not part of our budgetary process directly.

**Mr HAMILTON-SMITH:** But other departments would have required efficiency savings from functions that have now passed to the minister's department. Has the minister monitored those efficiency savings and determined whether they were achieved?

**The Hon. J.D. LOMAX-SMITH:** I have to say that there were targets in Playford and BioInnovation. I would have to be sure that I have the facts right. I would have to take that on notice. There were requirements in TAFE as well. There were issues, but the question is too broad, I will take it on notice. Are these a set of omnibus questions?

**Mr HAMILTON-SMITH:** There are only a couple more, but, yes. The minister may wish to take this question on notice. Will the minister provide a detailed breakdown of expenditure on consultants in 2002-03 for all departments and agencies reporting to the minister, listing the name of the consultant, cost and work undertaken?

**The Hon. J.D. LOMAX-SMITH:** Absolutely.

**Mr HAMILTON-SMITH:** How many surplus employees are there and for each surplus employee what is the title or classification of the employee and the TC of the employee?

**The Hon. J.D. LOMAX-SMITH:** On notice again.

**Mr HAMILTON-SMITH:** In the financial year 2001-02, for all departments or agencies reporting to the minister, what underspending on projects or programs was not approved by cabinet for carryover expenditure in 2002-03?

**The Hon. J.D. LOMAX-SMITH:** We would have to take that on notice.

**Mr HAMILTON-SMITH:** For all departments and agencies reporting to the minister, what was the estimated level of under expenditure in 2002-03, and has cabinet approval for carryover for 2003-04 been given?

**The Hon. J.D. LOMAX-SMITH:** I cannot give that detail, we will take it on notice.

**Mr HAMILTON-SMITH:** I indicate to the chair that the opposition has finished its questions and we thank the minister and all the staff who have worked very hard in preparing for today for their efforts and our colleagues opposite.

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

Dr G. Wood, Executive Director, Office of Vocational Education and Training.

Ms J. Taylor, Executive Director, Office of Employment.

#### **Membership:**

Mr Brindal substituted for Mr Hamilton-Smith.

**The CHAIRMAN:** I understand that there has been an agreement to change the timing of the committee sittings; that is, we are not having a dinner break and going through until 7 p.m. Is that in accordance with your understanding?

**Mr BRINDAL:** Yes, that is right.

**The CHAIRMAN:** Minister, do you wish to make an opening statement?

**The Hon. J.D. LOMAX-SMITH:** I made an opening statement earlier to cover education and employment, so I will not repeat it.

**The CHAIRMAN:** Does the member for Unley wish to make an opening statement?

**Mr BRINDAL:** No, not at this time. Will we do this in any particular order?

**The Hon. J.D. LOMAX-SMITH:** I would like the honourable member to ask any questions he likes in the order he wishes.

**Mr BRINDAL:** In Budget Paper 4, Volume 3 at page 11.16 you indicate your department target for the coming year is to 'establish key cross-portfolio initiatives linked to economic development and social inclusion, in particular the initiation of a South Australian work force development strategy to generate a high performance work force by 2010'. The recently released final report for skills for the future inquiry noted the key component to support work force development strategy will be an industry based training fund. Will the minister confirm that the government is currently considering imposing a training levy on industry in South Australia?

**The Hon. J.D. LOMAX-SMITH:** It is quite clear that there were several recommendations from that report. One of the recommendations suggested that the issues around skills shortages and skills development related to industry factors in terms of investment, commitment and capability. Part of that capability was a funding issue and partly a recognition that high skills achievement made businesses more competitive, both locally and globally. One of the recommendations was to increase industry investment in work force development. It was recommended that the government should facilitate further industry based training funds modelled on that of the building and construction industry and those industries critical to the success of the strategic economic plan. Industries within the state's manufacturing sector should be the first priority for the establishment of further funds.

The issue of comparing this matter with the construction industry training board levy is one whereby clearly we would not be imposing taxes or levies on an industry. If such a recommendation were to be taken up, it would be worth looking at a sector of the community, going into discussion and debating the matter with it. Clearly, we have not reached that level of consideration of the recommendations. It would be completely untenable to even contemplate a levy in an industry unless there was industry support for it.

**Mr BRINDAL:** If I understand your answer correctly, you are saying that there is a skills shortage and that the inquiry into that shortage has identified that it is related to industry factors, including funding and capability, and the high skills component. The conclusion, therefore, is that industry-type funds need to be established, and the recommendation is for a levy similar to CITB.

**The Hon. J.D. LOMAX-SMITH:** As a matter of fact, it has not been considered by government yet, so a response has not been delivered.

**Mr BRINDAL:** As I understand your answer, you are not ruling it out but you are saying that, while you accept that recommendation, as a government you are not prepared to do anything until industry tells you what you can do.

**The Hon. J.D. LOMAX-SMITH:** We have received the recommendation but we have not produced a response yet. We will do that in the next few weeks.

**Mr BRINDAL:** Minister, your answer was along the lines that you would not dream of introducing something unless industry was happy with it. I take that as an indication that, while the government is minded to introduce a levy, it will not introduce the levy unless industry is happy with it, in which case you are in the extraordinary position where you as minister are being dictated to by industry in terms of what

can and cannot happen in terms of skills development in South Australia. Am I correct?

**The Hon. J.D. LOMAX-SMITH:** No, I am saying that the recommendations have been delivered. We have received them but we have not responded. Certain issues have to be addressed in terms of how one defines a sector. One of the issues about the sectors that might be the focus of such a proposal are that you can define them. I still have reservations about how clearly defined are, say, the manufacturing or IT sectors, because the issue about the construction industry is that clearly there is a product that you can measure and see, and it is easily defined. A lot of work has to be done on this proposal before we either accept or reject it. That would involve working out what a sector is and working out the level of acceptance within an industry sector, if you can define one for such a levy. So, there is quite a way to go before we could implement this process.

**Mr BRINDAL:** We have established that there is a skills shortage and that there is a skills shortage across sectors, but the government cannot quite work out what a sector is yet. So, it has to first work out what a sector is.

**The Hon. J.D. LOMAX-SMITH:** It is quite clear that the barriers between sectors are not the way they used to be; for example, it used to be quite clear that car manufacturing was about automotive production, but there are now robotics and IT elements, and a whole range of sophisticated inputs that do blur the edges. In my mind, I would like to be clear about that first. More effective would be a training fund initiative, which was one of the other recommendations, because that is an element that one could do on a case-by-case basis, and a case-by-case implementation of a training fund would probably be a more targeted and focused approach because it would immediately select the high performance workplaces where there was potential for improvement. All these measures have to be implemented with cooperation and collaboration.

**Mr BRINDAL:** A less intelligent person than my colleague and I reading this might think that the government is confused and does not know where it is going. However, minister, I will give you the benefit of the doubt, and we will move on with the questions.

**The Hon. J.D. LOMAX-SMITH:** We have a clear agenda in this area, but the recommendations have not yet been considered by cabinet.

**Mr BRINDAL:** Minister, I know you to be a very intelligent person, and I have never doubted your word. However, I think people reading the public record might get a little confused. Nevertheless, because we have to engage business and the business community in the value of training and its acceptance, what is the government doing to engage the business community sector in the value of training and its acceptance of the relative government industry roles in funding work force development? Surely, if you want to get them down the track of coming along the CITB line, somewhere along the track you have to promote in some way the efficacy of the concept. What are your plans in that direction?

**The Hon. J.D. LOMAX-SMITH:** Certain sectors are well defined and have strong industry bodies. If one looks at the engineering and electronic sectors, one sees that they have engaged with us in determining that there are issues about their work force, as indeed has the automotive industry. Those sectors are aware of the skills deficit within the community, and we are clearly aware of the unemployment issues within the community, sometimes cheek by jowl with those very industries. In terms of the automotive sector, we

have a work force study group looking at what can be done to improve the skills development in that area.

We have also worked with the electronics industry, for instance, to look at the programs available through the university and training sector, and we are working on programs that are geared to the workplace more effectively than some of the training programs have been to date. So, in particular segments, we have formed relationships with particular sectors. However, that is a long way from completing those relationships and actually having courses and training modules on the ground. In addition, there has been the ITAB mechanism for having advice from the industry. We have been reviewing that industry advice, because we recognise that, without federal government funding, there is less potential for running the system that previously lay before us. In addition, the new Training and Skills Commission will have a role in developing industry sectors and training programs.

**Mr BRINDAL:** I accept that. It was never envisaged that the Training and Skills Commission would have the cross-sector capacity to specifically target or flag to the government the needs of individual sectors. While it would have broad expertise, it is hardly set up to have the professional expertise in every area, and the ITABs are essential for that. You can save the rhetoric, you can save telling me that it was the federal government that cut the funds, because I know that. You can put on the record that it was the federal government that cut the funds. Nevertheless, it has left a hole.

ITABs were the mechanism—where they worked and worked well—for getting industry advice about skills needs, timing, applicability of training courses, and all sorts of things. ITABs performed a valuable role in South Australia. The federal government funding has been lost. I cannot see anything in this budget to replace it. If we are going to set up this system—and despite your confusion, it does sound like a good idea—how will we do it if there is not a follow-on to the ITABs? I notice that the officers are getting excited for the first time, so I must have hit the mark with the question.

**The Hon. J.D. LOMAX-SMITH:** ITABs have not been abolished. We continue to look at a viable ongoing structure for industry advice.

**Mr BRINDAL:** They might not have been abolished, but they are not working with the funding they were working with.

**The Hon. J.D. LOMAX-SMITH:** We still have ongoing funding. I think it was \$650 000 per year. They provide broad industry advice in the sectors. We are working through industries and developing advisory and support mechanisms for new training and higher education packages. That is part of what has happened with the electronics industry.

**Mr BRINDAL:** You talked about the problem with sectors. Let us take a sector where you could get to work now, namely, the fishing sector. There is not much trouble identifying fishing from barley farming. We have a sector that we can identify. They are a preferred provider because of the fisheries academy, which, I believe, is one of the great success stories of South Australia, having gone from a negative cash flow to a significant surplus last year; and also providing more training hours for the money that has been paid by government. It is a highly significant sector run by the industry, with Mr Hagen Stehr AO as the presiding member, a gentleman who, very recently, at a public launch described the member for West Torrens as 'comrade'; so one must presume that he is a significant donor and major

supporter of the same political party to which you, minister, belong. That is just an aside.

*The Hon. J.D. Lomax-Smith interjecting:*

**Mr BRINDAL:** He is a great friend of mine. I am proud to call him a friend of mine.

**The Hon. J.D. LOMAX-SMITH:** I do not think we want to hear about his donations to you.

**Mr BRINDAL:** I was not going to talk about his donations to me. He is always very warm whenever he meets me; he gives me a great big hug every time he sees me. He is twice my size, minister, and nearly crushes me to death. Having said that, this is an industry which is clearly identified. It has a training structure; it has points at which it can be levied; and it is an emerging industry. The minister will know it is an industry that we expect to grow to over a billion dollars in export. It has more potential than any industry except the wine industry—and probably has more unrealised potential than that. Having said all that, this is an industry which needs more skills, which is clearly definable, which has an existing structure and advisory group from which you could take advice—if you think they are suitable people—and which is leviable. Why are you not putting levies on this industry and helping them develop their skills base? For all the reasons you said you could not do some industries, they are exactly reasons why you can do this industry.

**The Hon. J.D. LOMAX-SMITH:** I have speculated as to how one might address this issue and discuss this recommendation, but, as I have pointed out, we have not responded to the recommendations. It has no status as far as government policy is concerned. Clearly, this industry does match some of the contributions of government. There is a place for collaboration with training, but I am very interested that you should suggest we put a levy on the fishing industry—and I will tell them that when I talk to them next.

#### **Membership:**

Ms Chapman substituted for Mr Meier.

**Mr BRINDAL:** Minister, when I was doing your job I think I expressed the view to sectors of the fishing industry that a levy for them was the way forward. But I am now a shadow minister: I am not the minister. I am not suggesting from this seat a levy on the industry. Your report suggests a levy. What I am saying, in consequence of your report, is that this levy is achievable in this sector. I am putting to you an illustrative example, so I know you will not be mischievous and go out there and put words in my mouth—especially not without the privilege of parliament. Notwithstanding that fact, you could do it in this sector. In the last days of the Bannan government, the CITB was introduced. It was successful to the point where it has been maintained for eight years by a Liberal government and is still going strong. You did not have to get one solution for the whole industry before you implemented a good idea.

I can understand your answers. I know you have not accepted all the recommendations, but here you have a purpose built sector in which, if you think it is a good idea, you can try it. I think it would be accepted by the industry, because it is a huge success in the New Zealand fishing industry. People such as Hagen Stehr know that, and I think they would embrace this quite warmly. Why are you doing the doctrinal stuff (and I thought better of you) and saying that one size fits all for this Labor government, when you can start it sector by sector, piece by piece, and build up a good

model, not introduce a universal suffrage which might not work everywhere?

**The Hon. J.D. LOMAX-SMITH:** I am pleased to accept the benefit of your experience and advice—as always. Clearly, the government will bear this in mind when it responds to the recommendations and continues work in this area. I do not think that is a matter we can discuss in a budget deliberation.

**Mr BRINDAL:** I thank you for accepting my wisdom and advice. I am sorry that you do not have my foresight, otherwise you would get on it with it. In discussing the ‘woes’ (to use your words) of traineeships, on the Leon Byner program on 12 May 2003 you are reported as saying:

The system we have in place only attracted 125 actual complaints in the last 18 months.

Can you provide me with the number of traineeships that would have been in operation over the last 18 months?

**The Hon. J.D. LOMAX-SMITH:** The ballpark figure is approximately 30 000. Large numbers of trainees, employers and training organisations reach amicable arrangements, have good completion rates and recognition of prior training, and everything works well. There are clearly rather high profile complaints and disputes which reach the press and which reach our disputes resolution system.

**Mr BRINDAL:** Have you any idea what that is as a percentage? It is an extraordinarily low percentage.

**The Hon. J.D. LOMAX-SMITH:** It is minuscule, but we are dealing with a group of relatively disenfranchised people. Sometimes they have been unemployed for periods of time and sometimes they are quite young and unable to access complaints procedures because of their lack of confidence and skills. I suspect there is an under reporting of problems but the level of the under reporting I cannot predict.

**Mr BRINDAL:** Why did you say on Leon Byner’s program that there are woes in the system, when the reporting of complaints is less than 0.5 of 1 per cent? I say that is an overwhelmingly successful system.

**The Hon. J.D. LOMAX-SMITH:** If one young person or one organisation has a bad reputation or less than desirable activities taking place, then that is unacceptable. I would like the system to be clean and effective and for there to be no unconscionable behaviour. That is why we have put in place plans to have a training advocate. Indeed, that is why the federal government, in response to many complaints, has put in place a helpline to do exactly the same job.

They also believe that there are some activities that people need assistance with. If you think that the level of complaints reaching the state organisation and government are minuscule, you would say the same about the federal complaints system. I know that Minister Nelson has just implemented a 1800 number and an internet site for complaints and queries.

**Mr BRINDAL:** Which office or agency in the minister’s department provided her with a number of complaints?

**The Hon. J.D. LOMAX-SMITH:** I cannot answer that, but I suspect it would be OVET through the ARC.

**Mr BRINDAL:** How often does the minister meet with the manager of the Traineeship and Apprenticeship Management (TAM) branch?

**The Hon. J.D. LOMAX-SMITH:** Not regularly. I receive reports via other officers, which I read, but I do not meet them regularly.

**Mr BRINDAL:** Have you ever met them?



**The Hon. J.D. LOMAX-SMITH:** I have actually met them but I cannot remember how many times: twice or three times.

**Mr BRINDAL:** How often does the minister receive reports from the TAM branch?

**The Hon. J.D. LOMAX-SMITH:** It is usually when an issue is being investigated. It is not a regular update process but case by case, where there are issues. I am informed that I get a quarterly and annual reporting mechanism, but of course I recall the high profile complaints and disputes more readily than the successful stories.

**Mr BRINDAL:** How many officers are employed at the TAM branch?

**The Hon. J.D. LOMAX-SMITH:** I am not sure: we cannot give you the exact number. I thought it was 40. We will take it on notice.

**Mr BRINDAL:** When taking that on notice, could the minister please provide me with the numbers at each classification level? And this may be able to be answered now: how many officers refer to themselves as consultants in the TAM branch?

**The Hon. J.D. LOMAX-SMITH:** There are 16 who refer to themselves as consultants.

**Mr BRINDAL:** What is the work of a TAM consultant?

**The Hon. J.D. LOMAX-SMITH:** That is a question I am not able to answer. Perhaps Ms Taylor could come forward and explain it to us. That is a level of operational knowledge I do not have.

**Ms TAYLOR:** The work of the TAM consultants is to approve the contracts of training that come in, so it is the employer approval process. They also deal with inquiries from both the trainees during apprenticeships and from employers, and also with training organisations. They also deal with the RTOs in terms of the requirement for there to be a training plan with all contracts of training. Some of the consultants do mediation and also investigations for the dispute resolution committee.

**Mr BRINDAL:** They work for the minister: they are officers of her department. To whom are they consultants?

**The Hon. J.D. LOMAX-SMITH:** I think the English language has been changed over recent years. They probably call all sorts of people customers, as well, but nobody gives them money.

**Mr BRINDAL:** Has the minister employed anyone to act as a training advocate?

**The Hon. J.D. LOMAX-SMITH:** I do not employ anyone.

**Mr BRINDAL:** Has Mr Black as your CEO employed anyone to act as a training advocate?

**Mr BLACK:** No.

**Mr BRINDAL:** Are you going to employ anyone to act as a training advocate?

**The Hon. J.D. LOMAX-SMITH:** We intend to, yes.

**Mr BRINDAL:** What sort of person is the minister looking for?

**The Hon. J.D. LOMAX-SMITH:** I believe that the job description and qualifications will be determined by the CEO, but clearly the person involved would have a high level of empathy, the ability to listen to individuals who are not skilled or articulate or always literate, and the capacity to listen to people who wish to convey information that might be difficult for them to articulate. They will be sympathetic towards young people, and I suspect it is a role that it is very well embraced by the term 'advocate'.

**Mr BRINDAL:** I am not going to be available for the job, I am sorry; that was me to a t! Will the job be advertised publicly?

**The Hon. J.D. LOMAX-SMITH:** I believe it will first be advertised internally and then publicly.

**Mr BRINDAL:** The minister said in answer to a question—and I believe her and have some sympathy—that she does not want one person wrongly treated in the system and that one failure is too many, so why would the minister make the presumption that the pool of public servants that exists will provide the very best person to act as an advocate for those people who are disadvantaged? Why, other than through some sort of union requirement, would the minister not advertise publicly in the beginning?

**The Hon. J.D. LOMAX-SMITH:** I think that it is general government policy to advertise internally, and the matter is under the control of the CEO. I do not involve myself in employing staff.

**Mr BRINDAL:** Perhaps we can pursue this outside estimates, but, in picking the best person for the job, every public servant would be eligible to apply. I thought the South Australian Public Service had merit-based selection and, if it has not, I would like the minister to say that it has not. If it has an internal feeding pool where everyone gets a better job simply because they can apply for the job and nobody from outside can, I think we should state that publicly.

**The Hon. J.D. LOMAX-SMITH:** I think we probably have regulations, and Mr Black will comply with the general standards operative within the Public Service.

**Mr BLACK:** It is a two-stage process, because we have a requirement to have the training advocate in place on 1 July, which is also the start date for the Training and Skills Commission. As a consequence of that, we will be doing a temporary call within the agency, in the first instance, for three months. During the course of that period we will be advertising it externally to the public sector. We do not do that often, but we are doing it in this case because it is our view that this is a relatively unique position requiring unique skills, so we should look for the broadest possible field of candidates.

**Mr BRINDAL:** I understand that and understand that Mr Black is constrained by the rules that he is under, but the minister is a member of the cabinet and can change the rules under which Mr Black operates. It is cute to say that the minister does not employ people—that is true—but the minister sets the regimes under which people are employed because she is part of the cabinet and the Executive Council in South Australia. If that person, Mr Black, was better sourced from the Commonwealth Public Service, for instance, where they have equivalent positions and have had for some time, the mechanism that you outline in the first and second instance precludes the application of someone—

**Mr BLACK:** I do not think I was clear. The second round is actually external to the state Public Service advertising. It will be in the newspapers.

**The Hon. J.D. LOMAX-SMITH:** The issue is that I have required that an advocacy process be put in place, and that will be the performance indicator that I will be demanding.

**Mr BRINDAL:** The minister is admitting that, in putting an advocacy process in place, in fact, TAM has failed in its role.

**The Hon. J.D. LOMAX-SMITH:** No, I believe that TAM operates without a public face and image. I am a great believer in having a shopfront, easy access by telephone, and the level of ease of access that one finds, for instance, in the

honourable member's electorate office, where people would wander in off the street and rather nervously explain an issue that vexed and troubled them. Sometimes it requires a level of interviewing technique to actually decide what the issue is and to follow it through. I think that the reason I would like an advocate to be separate from TAM is that there is a sense that that organisation operates within government, and I would like the advocate's role to be slightly separate from mainstream government and to give it the capability of taking complaints that relate to employers, training organisations and, indeed, trainees. I think it has a different role.

**Mr BRINDAL:** How much will the Training Advocate be paid?

**Mr BLACK:** At the ASO8 level.

**Mr BRINDAL:** I do not know how much that is. What is it approximately?

**Mr BLACK:** The low 70 000s.

**Mr BRINDAL:** And a car?

**Mr BLACK:** We have not got to that level of detail on it, but I do not believe it would be necessary.

**Mr BRINDAL:** But he or she could salary sacrifice for a car?

**Mr BLACK:** Most definitely and have access to the government plated cars during working hours.

**Mr BRINDAL:** There is general provision in the Public Service for access to cars?

**Mr BLACK:** Yes.

**Mr BRINDAL:** There does not seem to be for members of parliament. What support will the Training Advocate receive?

**Mr BLACK:** There will be a complaints officer and clerical support. At this stage, we envisage two full-time staff plus a part-time receptionist/clerical person who will be shared with other functions.

**Mr BRINDAL:** So the person coming in off the street will probably see, first, the clerical officer who is perhaps a receptionist as well, and will then see the complaints officer, one presumes, and may or may not get to see this exalted personage called the Training Advocate, who, as the minister just told us, is needed to be the very person whom the complaints officer obviously should be.

**Mr BLACK:** That is not the way we actually envisage it. The role of the support officer will be to follow through correspondence and the like, but the public face will be very much that of the Training Advocate; hence, the reason for the shopfront and the relatively senior position that is planned.

**The Hon. J.D. LOMAX-SMITH:** I think the member for Unley is perfectly right when he infers that the devil is in the detail. He obviously has a keen interest and we should take his advice on this matter. I will be pleased to talk about this with him in the future.

**Mr BRINDAL:** I will just explore it quickly. What will be the relationship between ARC and the Training Advocate, because ARC has a disciplinary role with employers?

**The Hon. J.D. LOMAX-SMITH:** Refer routine issues and investigate non-standard issues and detect patterns of complaint. Some of the issues that have been brought to my attention have involved a systematic change in the way in which apprentices and trainees are being signed up. There seem to be patterns that emerge over time whereby some organisations, whether they involve trainers or employers, push the envelope, so to speak, by exploring opportunities. I think this issue is worth being able to pick soon.

**Mr BRINDAL:** This is reasonably important to explore. Are you saying that in the case of Barbara Derham in

Whyalla, whom the minister knows, who was stopped from being a trainer by ARC—

**The Hon. J.D. LOMAX-SMITH:** I do not think it is appropriate that we discuss individuals.

**Mr BRINDAL:** I am giving an illustrative example of a woman who is quite happy to be discussed, because she had her training capability taken from her and she was then reinstated. She is also a vice-president of one of your institutes of TAFE, and she is more than a little angry with the way in which what was described as justice was meted out to her by the ARC. I do not want to go into the details of that case, but what happened in that individual case is that there was one complaint and, as a result of that one complaint, ARC looked at a whole lot of other things and made decisions which I doubt could have been correct as she is now able to train people again. So, it would be very interesting to know whether the minister thought she was guilty but now is not.

Having said that, what I am trying to get at is this: you are saying to me, I think, that the role of the Training Advocate would be such that an individual, first complaint such as that would go to the Training Advocate who would deal with it but that it would not really be able to get to ARC until it became a systematic series of complaints?

**The Hon. J.D. LOMAX-SMITH:** No, I did not say that. There would be referral of individual cases, but on top of that there would be the opportunity to recognise patterns. The issue of individual cases and what may or may not have happened or may or may not have changed in terms of a person's ability to train I do not think reflects on the advocacy role. The advocate's role will be to act as an interface and a contact point without undermining the role of TAM.

**Mr BRINDAL:** What will be the TA's legal powers, and will the TA have the power to inspect workplaces and conduct interviews?

**The Hon. J.D. LOMAX-SMITH:** No legislative powers.

**Mr BRINDAL:** What will be the key performance indicators which the TA will have in order to meet his or her job performance standards properly?

**The Hon. J.D. LOMAX-SMITH:** I doubt that we have resolved those yet.

**Mr BRINDAL:** This is your vision. You know what you want but nobody else can understand it yet or have you not worked out the detail? Have they not grasped your vision yet? Where are you at?

**The Hon. J.D. LOMAX-SMITH:** I think that very often ministers make requests about outcomes and, in order to have them happen sooner rather than later, impose requests with a degree of urgency. I am very keen that there should be significant progress on the advocacy role at the same time as the training and skills commission—your great achievement—is launched.

**Mr BRINDAL:** My understanding of the Westminster system is that parliament is paramount and that ministers, who are the Executive Council, do not make requests; they express the will of the parliament and the current policy of the government. So, the notion of a minister making a request, whilst that might sit nicely with the Public Service, is anathema to the democratic system. Ministers tell the Public Service what to do under the system that I grew up in.

**The CHAIRMAN:** I fail to see which budget line the member for Unley is referring to. It is usual to be a bit more specific.

**Mr BRINDAL:** I will be next time.

**Ms CHAPMAN:** As shadow minister for education with responsibility for universities, I indicate that I do not propose to seek to make an opening statement, which is fortuitous as I have not been invited to do so. However, I have a few questions for the minister relating to the Higher Education Council and, in particular, Budget Paper 4, Volume 3 (page 11.6). What funds have been allocated in the 2003-04 budget to 'establish collaborative initiatives between industry, government and the universities via the Education Council'?

**The Hon. J.D. LOMAX-SMITH:** The Higher Education Council has been operating now for about eight months. This area has five staff, and we regard its activities in terms of collaborative initiatives as being part of the base funding of the department. The areas that we are working on with industry and the universities are currently limited to the Science and Innovation Council, the Information Economy Advisory Board, the Automotive Engineering Task Force and the Electronics Industry Association's initiative about higher education and training. Those are the first initiatives that we are working on.

**The CHAIRMAN:** The member for Bragg seemed to be put out because she had not been invited to make an opening statement. I point out that the information provided by her Whip does not indicate any change of topic or anything that would indicate that she is the lead speaker. Thus there was no invitation. Please proceed with your questions, I do not want you to feel slighted.

**Ms CHAPMAN:** Thank you for that advice, Madam Chair. I certainly do not feel slighted, but I think it is well-known to the government that I am the opposition spokesperson.

**The CHAIRMAN:** That may be so, but there was no indication. Please proceed with your question.

**Ms CHAPMAN:** As a supplementary question: do I understand correctly that there is no separate funding line specifically for this?

**The Hon. J.D. LOMAX-SMITH:** That is correct.

**Ms CHAPMAN:** The Economic Development Board has recommended adding two business leaders and a community leader to the composition of the Higher Education Council and, secondly, establishing dedicated implementation resources within the proposed higher education unit. What funds have been allocated in the 2003-04 budget to provide for either of these two and, if a positive decision has been made, when will the further members of the council be added?

**The Hon. J.D. LOMAX-SMITH:** All the recommendations of the Economic Development Board have been examined by departments of government and the responses and recommendations from government will form a cabinet submission in the next few weeks. The decisions have not been made in relation to responses to those recommendations. I can inform the member for Bragg that the funding for the higher education unit recounts to sub-program 1.2, higher education on page 11.10, and it shows \$525 000. Last year (the column next to it on page 11.10) the funding was \$244 000 and this year it is \$525 000, so there is an approximate doubling of the levels of funding during the last year.

**Ms CHAPMAN:** As a supplementary question: I take it the minister appreciates that for this year it is to be for a full financial year and not for the seven months or so it has been operating in this financial year. If that is not the case, will there be some change in the staffing of that higher education unit to justify the increase?

**Mr BLACK:** There has been a capability in the department for some time to provide advice to government on higher education matters. What we have done with this initiative is to more than double the staffing arrangements, for two reasons: one was to ensure that there was adequate support for the council but also in recognition from the government's point of view of the need to just generally more effectively strategically engage government with the universities, the other education sectors and industry. The unit is in the process right now of being formed. We have just advertised the position of director in the system and in the newspapers in the past week or so.

**Ms CHAPMAN:** As a further supplementary question on the unit; is that advertising internationally within the department?

**Mr BLACK:** The advertising for the director's position was in the newspapers; it was external and internal.

**Ms CHAPMAN:** I take it that that is contemporaneous advertising within the department and externally?

**Mr BLACK:** Yes.

**The Hon. J.D. LOMAX-SMITH:** As opposed to metachronous?

**Ms CHAPMAN:** In relation to the Economic Development Board's recommendations—and I appreciate the minister's indication that a number of matters are under review—it recommends that the South Australian government amongst other things structure its assistance to the university in the form of matching grants. What funds, if any, have been earmarked in relation to that proposal?

**The Hon. J.D. LOMAX-SMITH:** I believe the matching funds proposal relates to science funding. As I said before, the recommendations will be considered within the next few weeks by cabinet.

**Mr BRINDAL:** I refer to Budget Paper 4, Volume 3, page 11.9. I want to raise briefly participation rates in VET. I point out that in the 2001-02 budget year the actual participation rate in vocational education and training programs was 12 per cent. The estimated result for 2002-03 financial year was 11.3 per cent, which is an effective drop of 6 per cent in the participation rate. The government's target for the next final year is the same as that which you achieved this year, which is 11.3 per cent, and this has to lead any reasonable and intelligent person to believe that you are not bothered by a drop in the participation rate. If that is not the case, what is the minister doing to address this trend and restore participation rates to what they were under the previous government?

**The Hon. J.D. LOMAX-SMITH:** My understanding about those levels is that we have gone up the qualification scale from entry certificates into higher certificates so that our participation rate has been weighted towards higher levels of certification. That is my understanding. I will be corrected if that was incorrect.

**Dr WOOD:** I think it would be correct to say that there is an attempt to ensure that there is higher quality in the system, not necessarily higher participation. The participation rate in South Australia at 11.3 per cent will still be approximately equal to the Australian average.

**The Hon. J.D. LOMAX-SMITH:** I can see the point you make, that the more people in VET the better the community would be, so I appreciate your question.

**Mr BRINDAL:** I still want to establish the point: Dr Wood said it would still be at the national average of 11.3 per cent; two years ago it was above the national average. It is now at the national average; that means there has been a drop.

**Dr WOOD:** Yes, there has been a drop from 2001-02 to 2002-03.

**Mr BRINDAL:** Notwithstanding what the minister just said, now that we know there has been a drop, what are you doing about it?

**The Hon. J.D. LOMAX-SMITH:** The issues that relate to the participation rates are significant but they should be looked at in the context of employment strategies and the social inclusion initiatives the government has taken. Certainly there are young people who have dropped out of school, out of training and out of employment, and they are the targets for pre-vocational courses in order to get them into the system, and it is one of our goals to have pathways for those people into employment.

**Mr BRINDAL:** I refer to Budget Paper 4, Volume 3, page 11.19. The estimated result for the number of annual hours curriculum for VET students in 2002-03 was \$21.28 million. The government's target for the financial year 2003-04 is \$19.5 million. If she wants greater participation in the sector, why has the minister reduced the number of student hours by 8.1 per cent?

**The Hon. J.D. LOMAX-SMITH:** I am not sure whether you are referring to the curriculum hours or the annual hours curriculum.

**Mr BRINDAL:** The annual hours curriculum.

**The Hon. J.D. LOMAX-SMITH:** My understanding is that part of that was again the level of certification but also the change in the measurement protocols.

**Dr WOOD:** It is a matter of rebasing. The footnote which appears at the top of the page, for some reason, rather than at the bottom explains that the way in which things have been measured has been rebased by the national authorities who measure such things, and we are changing in exactly the same proportion as the rest of Australia. So, it is not easy to compare the 2002-03 target with the 2003-04 target. The statisticians say that, if we did, the 2003-04 target would be almost unchanged.

**Mr BRINDAL:** Then, we will qualify it by asking the minister an easy question. Are you providing in your TAFE colleges this next financial year any more or any fewer hours than you provided in the past financial year? I am talking about the hours available in which students can be taught, whatever that is called.

**The Hon. J.D. LOMAX-SMITH:** We believe that the targets would be almost unchanged if you did not rebase the protocols, and that is in footnote 1, as follows:

Most of the difference between 2002-03 and 2003-04 is because the national protocols for measuring output in VET changed the way continuing students were reported. Measured in a comparable way to 2002-03, the 2003-04 target would be almost unchanged at 21.2m AHC

**Mr BRINDAL:** In the year 2001-02, under the previous Liberal government, the participation rate for non-English speaking background persons was 14.1. The estimated result of the 2002-03 year was a participation rate of 11.7. The government's target for the financial year 2003-04 is 10. If this target was achieved it would mean a drop of 29.1 per cent in the participation rate of people from non-English speaking backgrounds since the government came to power. Was it the minister's intention to so savagely reduce the participation rate for disadvantaged people in our community, and I refer to Budget Paper 4, Volume 3, point 11.9?

**The Hon. J.D. LOMAX-SMITH:** I am not able to explain those figures. Clearly, the targets have been the same

this year and last, and we exceeded targets last year so I hope we exceed targets this year as well.

**Mr BRINDAL:** Under a Liberal government the participation rate achieved was 14.1. You may well have exceeded your target at 11.7, but you still set the target at 10. We achieved 14.1—why are you settling for anything less?

**The Hon. J.D. LOMAX-SMITH:** I do not understand the basis for those statistics sufficiently well, but we can take that question on notice if you believe there is an underlying issue. We will drill into that for you.

**Mr BRINDAL:** Could you also drill into whether you are expecting a 30 per cent drop in employment opportunities for migrants in South Australia? Because the corollary of not training those people who need that help is quite simply that they will not be able to get jobs. Is it the government's intention that they will be the next generation of underemployed and unemployed people? They are being sacrificed for some other sector.

**The Hon. J.D. LOMAX-SMITH:** What is not clear is that we have increased funding to prevocational courses and the ACE sector, so that population will be specifically targeted. I believe that this target is perhaps unnecessarily low.

**Mr BRINDAL:** The ACE sector, as the minister well knows, does not specifically target (in any of the organisations I have visited) the youth unemployed sector of non-English speaking backgrounds. The ACE sector is very good at targeting second-chance opportunities: so it is very good for women returning to the work force, such as younger mothers in their mid 20s, but it is not very good for school leavers or older people, which is the cohort we are talking about.

**The Hon. J.D. LOMAX-SMITH:** This statistic does not relate to school-leavers and younger people. This relates to people between the ages of 15 and 64.

**Mr BRINDAL:** I understand that, but I thought that people between 15 and 64 would include school-leavers. You cannot leave school until you are 15.

**The Hon. J.D. LOMAX-SMITH:** The implication was that there will be fewer targeted programs for young people, and we have different programs for young people.

**Mr BRINDAL:** I will be questioning the Minister for Youth about that. I am glad that you are having different programs, because I was at a great loss to find any programs for young people in this budget. Employment targets for the 2003-04 year in the budget papers are very interesting, especially in respect of the government's employment targets. They are interesting because, for the first time in the 14 years I have been in parliament, the government has come in here and will not even say what those targets are because they are expected to be 'similar to the 2002-03 levels pending the release of the employment review'. How do you know they will be similar? Have you seen a copy of the review?

**The Hon. J.D. LOMAX-SMITH:** It will not be any less than previous years and this is the first time we have had a comprehensive review of the employment programs. As you probably recall, there are, I believe, 17 major employment programs. To date they have not been audited to the level where we can say whether the most expensive programs deal with the most disadvantaged people and produce the best outcomes for dollar expenditure. I have been very keen to recognise that employment programs do not always get to the heart of the problem. Several of them are in fact subsidies for employment and there is an issue about whether that provides long-term sustainability of employment.

What we have endeavoured to do this year is an audit, if you like, of all the programs and to suggest that some of the programs do not deliver the outcomes we would want. Similarly, in terms of getting people into employment, as you quite rightly point out, the best mechanism is through skill development, training and retention in schools and entry into further education of some type. So this year, we are completely realigning our employment programs and there is an issue about how we should set targets. Certainly, it might have been simpler to say, 'not less than last year's targets' but as you can see, there are already NAs in last year's targets. There did not seem to be numbers in those holes, so there are some imponderables but we would want through the realignment of our employment programs and our training strategies to have a more integrated approach to employment that includes skills, school retention and workplace partnerships.

**Mr BRINDAL:** So, unless you have seen a preliminary copy of the review, how can you assume that the result or the targets will be 'no less than'. I mean, how can you make that assumption unless you have either seen the preliminary copy or you have given them riding orders, telling them what the answer is to be. You are sitting there quite confidently saying the targets which will be set from this review, which has not as yet been produced, will be no less than last year. Now surely that is either making a gross assumption on the findings or you have told them what the findings will be.

**The Hon. J.D. LOMAX-SMITH:** Clearly one does not embark on change in order to produce a worse outcome. The purpose of change is to do something better and more. Certainly, to date, many of our programs have been reaching results that have exceeded targets and one would expect that we would not accept less. Clearly if next year our estimated result is lower than the year before you would be in a very good position to complain.

**Mr BRINDAL:** But, minister, you said you would not accept targets. The two things—better and more—are not necessarily the same. You said yourself that some of the programs might not have been properly targeted. Now it might be that the review might move much more into training subsidies and partial training subsidies which are impossible to quantify in terms of outcomes. Or, it might be a cross-industry subsidy which again is impossible to quantify in terms of outcome.

Now, if that is going to be a better result in terms of employment opportunity, but an unquantifiable result, you will get a better result and fewer outcomes. There are other times when you could go for the numbers and you could get many more outcomes and a much less beneficial result in terms of training. I just cannot see how you can say you are going to get 'better and more' without seeing the review, when the two might contradict each other.

**The Hon. J.D. LOMAX-SMITH:** I think that the purpose of this is to recognise that unemployment levels are at a record low, employment levels are at a record high and the challenge for us now is to deal with the most disadvantaged people who have the least employment prospects. That is why we have been very keen to modify the government youth traineeship scheme which to date is on target. But in terms of the type of young people or unemployed people involved, we have moved the criteria to give a greater incentive for more disadvantaged people.

We have developed, if you like, a sliding scale, so that where there is long-term unemployment, Aboriginality, a disability, or regional disadvantage we have a different scale from the other areas of employment. In many regards, we

have tried to calibrate the level of disadvantage with the level of incentive. And so, we have tried to tackle and have been successful in tackling the most difficult to place people, and I believe that that is the area we have to target now.

**Mr BRINDAL:** A number of things arise from that. The minister pointed out that general employment is at a record low and that employment levels are at a record high. The minister knows that, because of the lead time, that would suggest that the legacy left and the work done by the previous government actually contributed to that. Therefore, one would wonder why it is now necessary to change the formula for success that the previous government came up with which put programs in place and which for the first time in decades have South Australia achieving for two months—while you have been the minister—better than the national unemployment levels, which was an undreamed of target in the 10 years of the Bannon Labor government. Indeed the minister has given us an answer; that is, to better target parts of the program to reach the disadvantaged and so on.

I would not want to assume for a minute that this is just the Labor government indulging in one of its cloudy pink fantasies in social engineering, so let us assume that the cabinet is genuine in this. The minister has raised the fact that youth unemployment is increasing and that it is worrying. I have read in the paper the minister saying that it is worrying, but the minister also said that one of the centre pieces of the previous government's training programs was the youth traineeship program, and indeed your predecessors were savage in their criticism of our cutting that program. The minister knows the success rate into long-term employment is over 70 per cent. I have had eight or nine trainees, and every single one of them has gone on to full-time work—and not in the government.

What the minister is saying is that youth unemployment is rising. We have this totally successful scheme and we are thinking of reducing it. That is the minister's right, but I want to place a question on the public record. If the minister abandons this scheme which is achieving a 70 plus success rate and youth unemployment continues to rise—that is, she gets rid of a good scheme and puts in place a bad scheme and produces the wrong lever—will the minister, as honour demands, offer her resignation to the parliament? You can do what you want, minister, but you muck it up and there are more unemployed kids in this state, so you should resign.

**The Hon. J.D. LOMAX-SMITH:** I think the honourable member has failed to appreciate the nexus between social inclusion, training and employment opportunities and that labour markets change from time to time. The programs available have to match the opportunities. It is quite clear that currently the Public Service is much smaller than it was 10 years ago. Whilst there is an ageing population within the Public Service, some of the opportunities are less marked. Outsourcing and a whole range of activities by previous governments have left the Public Service in a different state from that which it occupied 10 years ago. The youth traineeship program is committed to a minimum of 400 places. There is no limit to how many people can be employed. In fact, once the heavily funded positions and the incentive payments have been expended, there is still every opportunity for the state government to employ additional trainees if they have a position and they are still eligible for commonwealth entry level training incentive scheme payments.

What we have done is also put in a range of other opportunities for young people. First, the program of extending compulsory school years to the age of 16 will give

young people an added opportunity to be job ready, because everyone recognises that, the more formal education any individual has, the more options they have in training and employment. That is the first step. The Minister for Education's program futures connect will also put those people on an individual career path map which will allow them to plan their future. We will then be working with DECS in a range of areas. First, the Youth Conservation Corps, which is \$1 million a year, will provide training opportunities for young people in areas where they would naturally see opportunities for the future and there would be a commitment, perhaps as a result of their own interests, for them to engage in training in that area.

We expect that in the first year there will be 160 participants in that program. This is a new program. We expect 80 participants to be in government projects and 80 participants in community projects and then perhaps targeting 80 employment outcomes. In future financial years with full funding, there will be 160 participants from government and 160 participants from the community, and we would expect 160 targeted employment outcomes. In addition, we are reconfiguring—

**Mr BRINDAL:** That is only 50 per cent. You are getting 70 out of youth traineeships for the government. You will accept a reduction of 20 per cent.

**The Hon. J.D. LOMAX-SMITH:** These are different programs for different people. The youth employment schemes will be augmented with youth development officers, but we are particularly focusing on the regions. We will develop nine of those positions for part of the youth employment program. On top of that, we have capped the cost of a year's TAFE education at \$1 200 and applied greater resources to people with a disadvantage in the TAFE sector. In addition, this year we have put \$6.1 million into the vocational education training system, which will be spread through TAFE financial management programs, additional funds for the TAFE institutes and additional user choice funding. There will be a range of measures to improve education and training within our community. There will be increased school retention, and our social inclusion initiatives will enhance training, education and employment by improving not only school retention but also housing and health opportunities in the long run. We are attacking the problems from many directions.

**Mr BRINDAL:** A vibrant economy depends on the number of people in work and, frankly, I doubt that it matters whether they come from a middle-class background, an upper-class background or a working-class background, because a person who is earning a pay packet and contributing to taxation is providing money which the government can distribute to those less needy. It is probably not exactly the time, but I fail to understand how the minister can say that these are different people, so we will accept an outcome of 50 per cent, having abandoned a good program that produces outcomes of 70 per cent, no matter from what background those people come, given that that is 20 per cent more people earning a pay packet who are less dependent on the public purse and who can then help the next generation.

That is a lead-in to the youth unemployment issue. At present, South Australia has the highest youth unemployment in the nation. Can the minister further explain her answer to the last question; that is, why has the government rehashed a failed Rann employment program, namely, the multimillion dollar Youth Conservation Corps program that Mike Rann introduced while he was minister for employment and at a

time when youth unemployment rocketed to over 40 per cent? Surely, the unemployment funds would be better spent in sectors that are expected to undergo employment growth such as IT and not in those areas where there are limited job prospects.

How many gardening positions are vacant in South Australia? At the launch of the program, Mike Rann said that he still gets people thanking him for introducing them to a program in the 1990s, and every single one of them was a gardener or a horticulturalist. You will get 51 per cent outcomes. There are not a lot of gardening positions in South Australia. Minister, you are wasting public money, barking up the wrong tree, for something that the bleeding hearts in the social justice set in the Labor Party can say, 'Bravo!' to before they drink their chablis.

**The Hon. J.D. LOMAX-SMITH:** If there is anyone barking around here, it is not me. The member for Unley misconstrues the purpose of the conservation corps. It is not a tree planting program. It is allowing people to get experience of areas like environmental management, conservation, and a whole range of cultural conservation areas and the horticultural industry where there is expansion. It is worth remembering that our youth unemployment figures are currently lower than when the member for Unley was the minister. Let us get that into perspective first. Let us recognise that we are a couple of percentage points down. Let us not quibble. It is unacceptably high, and we have to put energy and enthusiasm into getting it right.

The issue about employment outcome being just as good if someone comes from the leafy suburbs as if they come from Daveron Park might reflect someone's attitude if you only want to get the percentages changed. However, if we want to have community sustainability, we have to tackle the problems in whatever suburb an individual comes from. It is a matter of shame for all of us in this place that there are high level industries in our northern and southern suburbs that are unable to find staff, unable to get people into jobs and unable to give people jobs in the surrounding suburbs, and are truly contemplating migration programs to fill their high skill vacancies. It is a matter of shame when there is a 30 per cent unemployment rate amongst young people in our states, particularly when that level is so high around the businesses that are seeking a migration program.

One of key areas this government has worked on is a social inclusion initiative that will allow us to target those areas and those kids who otherwise would have no opportunity under the honourable member's government, because he thinks that a leafy suburb JobStart is as good as a northern suburbs JobStart. We want to have opportunities for all young people to achieve their potential. A lot our resources and energy are being put towards commencements for people in those areas doing prevocational courses, working with local industries, forming partnerships, supporting the no-dole programs like the Beacon projects and a whole range of opportunities—particularly like those in the Playford partnership—that will tackle the problems in those disadvantaged, forgotten, non-leafy suburbs. I will not be satisfied with getting the unemployment figures off my back just by giving jobs to kids who would normally get jobs. We want to tackle the hard tasks, because we know that your lot will not.

#### **Membership:**

Mr Meier substituted for Ms Chapman.

**Mr BRINDAL:** I will not detain the committee now. I will accept the minister's apology afterwards because, when she asks her officers, she will be told that in the last budget of the Liberal government, we put in place a number of programs that targeted disadvantaged people specifically from disadvantaged backgrounds. When she finds that is the case, she can publicly report to *Hansard* that what she said was a lot of sanctimonious claptrap which at least does not apply to me, no matter to whom else it might apply.

Why was the employment program review—in which the minister is obviously putting so much store—not completed in time for this budget? The minister knew two years ago when she came to office when this budget would be. Why did she not do the review and get it finished so it could all be discussed now rather than at some hypothetical 'We are expecting it soon' time? When is soon?

**The Hon. J.D. LOMAX-SMITH:** We have received work within the department, and the challenge for us was to align all the work that was done so that we could project seamless government and strategic planning. As I have explained, the employment strategy is not a stand-alone project. It requires integration with the economic development plan, skills inquiry and social inclusion. Any employment program that is dissociated from the rest of government is destined for failure. We have waited to stitch together a comprehensive response to all those initiatives that were from social inclusion, the Economic Development Board, the programs coming out of DECS, our own skills inquiry, our Kirby report and the examination of the employment programs. Our aim is to produce a coordinated and comprehensive plan for the future because, for too long, industry and trade have failed to be part of a comprehensive employment strategy that operates through the employment programs. We cannot disconnect those opportunities.

**Mr BRINDAL:** As the government feels confident in leaving its target subject to the recommendation of the employment review, does this imply that the government will be implementing all the review findings? If so, will the minister go on the public record now giving the people of South Australia a guarantee that this is, indeed, the case. If it is not, how can the minister feel confident in implementing the employment target she has not seen but not feel confident in implementing the other recommendations of the review?

**The Hon. J.D. LOMAX-SMITH:** As I have explained, this is a whole of government strategy that requires ongoing support from cabinet. We would expect to respond in a collaborative way across all the inquiries and board's findings. Certainly, the minimalist position, if nothing happened, is that we would be back to the same targets as last year—if we did nothing as a minimalist position. However, we want to do more than nothing, we want to make a difference.

**Mr BRINDAL:** In view of her last answer, how can the minister set a budget of \$23.444 million for targets she does not know of, and how can the minister ensure that this will be adequate funding? If the minister knows that this will be adequate funding, can she provide the committee with a detailed breakdown of the information that has led to this conclusion? We find that \$23.444 million has been committed to targets but we do not even know what the targets are. The minister does not know what the targets are. There is the question: how do you know it is adequate? It could be too much; it could also be too little. If the minister does know that it is adequate, on what information does she base the adequacy, and can she share it with us?

**The Hon. J.D. LOMAX-SMITH:** The adequacy of the program is reflected in the changes we expect to make. Clearly there have been carryovers from the budgets for several years out of the employment program, and that would lead us to believe that this is an adequate level of funding.

**Mr BRINDAL:** So, we have youth unemployment at its highest level for several years.

**The Hon. J.D. LOMAX-SMITH:** It is lower than when you were in government.

**Mr BRINDAL:** You say that it is lower than when I was in government, but I dispute that. It might have had spots when it was momentarily raised when I was there, but generally the trend was astoundingly downward. Having said that—

**The Hon. J.D. LOMAX-SMITH:** If it was downward, why did it arrive at 30.25 at the time of the election? It must have been very high.

**Mr BRINDAL:** Yes, it was. It came off a Rann figure of over 40. Notwithstanding that, further to the issue of funding for employment targets, will the minister explain to the committee why, with an estimated result of \$26.983 million for the 2002-03 financial year, the government has then budgeted only \$23.444 million for the 2003-04 financial year? This represents a drop of 13.1 per cent. That is in Budget Paper 4, Volume 3, page 11.2. We have heard all the rhetoric about employment targets. We have heard you are going to do more and you want more outcomes and better quality. Apparently, you are going to do it with 13 per cent less money. That is truly remarkable. We have heard all your commitments. We have heard all your rhetoric, and now we find you will spend on this vitally important area—skills, employment and development for South Australia—

**The Hon. J.D. LOMAX-SMITH:** You weren't listening.

**Mr BRINDAL:** You are cutting the budget.

**The Hon. J.D. LOMAX-SMITH:** You didn't listen.

**Mr BRINDAL:** Well, I will decide whether I listened.

**The Hon. J.D. LOMAX-SMITH:** I will explain it again. Employment is not just a function of an employment strategy. It relates to industry policy, economic development, social inclusion, housing, addiction and a whole range of opportunities but, in particular, it relates to school retention levels. It relates to pre-vocational courses. It relates to a failure to form partnerships and to get people job ready for industries in suburbs where they have high unemployment levels. We have said that, if we want to get better employment outcomes, we must put more money into skills development. That is what we want to do. We want jobs to be sustainable.

**Mr BRINDAL:** When we did that, there was a hue and cry from your party. Can you tell me what has changed? I will quote the pages of *Hansard* and the diatribes that were released on taking this exact step. It was said it was morally wrong, it was reprehensible. Worse, I was treacherous to the people of South Australia. Everything was wrong. You sit there beaming at me saying that you are going to do what we said was a good idea and somehow you can justify it. Can you tell me what has changed in the caucus? Has the caucus suddenly grown a brain?

**The Hon. J.D. LOMAX-SMITH:** I do not believe that is fair comment.

**Mr BRINDAL:** I do. It cannot be wrong for one government and right for your government and you not say that previously your opposition was either stupid or the current government is stupid. You cannot have it both ways.

**The Hon. J.D. LOMAX-SMITH:** I do not have the benefit of experiencing you in this position before.

**Mr BRINDAL:** That is great sorrow to the people of South Australia and to this parliament. You are very keen on jobs and good employment outcomes. Can you explain why it is that you said a couple of minutes ago that there has been a carryover? With youth unemployment going as it is, how can you justify that you have had money to spend and you simply have not spent it?

**The Hon. J.D. LOMAX-SMITH:** I am surprised you ask that question because I thought you of all people knew about the long-term nature of the programs. Many of the employment programs go over several years. They are put into the budget one year, with an equal funding strategy, say, over three years. It takes six months to build up the program and start it.

**Mr BRINDAL:** I understand that. That is not carryover. I would not have used the word 'carryover'. They are dedicated funds. That is not carryover. Is there any money for any programs?

**The Hon. J.D. LOMAX-SMITH:** I understood—and I may be wrong—that technically that is what a carryover is. Maybe Mr Proctor can explain what a carryover is.

**Mr BRINDAL:** I do not want to hear that. I understand that. Forgot that bit, because we both agree that is not really carryover. I want a specific question answered. Are there any carryover funds in the sense that money was to be spent on programs that has not been spent—not that is committed but, rather, has just not been spent? Is there any carryover of funds?

**The Hon. J.D. LOMAX-SMITH:** I am informed, no, not for this year.

**Mr BRINDAL:** You are assuring the committee that all the funds of this department, apart from funds that are scheduled for expenditure and have been committed for expenditure, for all employment programs have been spent this year—because it would be a first.

**The Hon. J.D. LOMAX-SMITH:** I am telling you that I do not have the level of detail to personally say that is the case, but I am advised by those around me that is the case. I can only take their advice. There is another issue I perhaps should bring to your attention. I believe the date today is 18 June, so to predict the end of year actuals is rather presumptive of us. I do not believe that we can predict at this stage on 18 June what the end of year result will be precisely.

**Mr BRINDAL:** The minister's last answer was that she already had, but I accept that there might be a margin of error. One would assume that it would be a very small margin for error, because if the minister finds that she is carrying over \$100 million I reckon that those sitting beside her should be able to tell her that. If it is only a hundred cents, then I would accept that it is fine.

**The Hon. J.D. LOMAX-SMITH:** I think that there is unlikely to be \$100 million. I can just confirm that these figures are based on the mid-year review and the numbers are three months old.

**Mr BRINDAL:** The minister is very keen on getting things right and getting job outcomes etc. Can she explain why it has taken 15 months to have senior appointments made in her department? I understand that key policy development has been sufficiently delayed due to the senior position not being filled. I understand that the minister's own headline statement outlining the policy direction for her department was supposed to be released in May but will now be made in either July or early August and that the minister herself has expressed some displeasure with her officers over the fact that she has not got this out.

I am told that the minister has unfilled senior positions 15 months into the job and that her department is frankly not doing the job. It cannot do the job because the minister has not yet appointed the people. I understand that this is a matter of cabinet discussion. I would like to know why the senior positions are not filled, why the minister's department is dysfunctional and when the minister is going to get her ship in order.

**The Hon. J.D. LOMAX-SMITH:** I reject those assertions.

**Mr BRINDAL:** Is the minister saying that all her senior positions are filled?

**The Hon. J.D. LOMAX-SMITH:** I admit that there are some positions unfilled, but I do not believe that my office is dysfunctional.

**Mr BRINDAL:** How many positions are unfilled?

**The Hon. J.D. LOMAX-SMITH:** I cannot answer that.

**Mr BRINDAL:** Will the minister take that on notice?

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

**Mr BRINDAL:** Will the minister also take on notice the level of positions that are unfilled?

**The Hon. J.D. LOMAX-SMITH:** We can do that.

**Mr BRINDAL:** Has the minister yet been given the statement outlining the policy direction for her new department? It was due in May: has the minister yet received it?

**The Hon. J.D. LOMAX-SMITH:** I am not entirely sure what the honourable member believes was due in May.

**Mr BRINDAL:** Either you can find out or I will find out, but I am likely to tell you through the *Advertiser*.

**Ms CICCARELLO:** Are you fishing, Mark?

**Mr BRINDAL:** No, I am not fishing at all. It is a statement that the minister wanted in May. It is described as outlining the policy direction of the minister's department. The minister wanted it in May, it has not been finalised and it will be made available either in late July or early August. If that does not ring a bell, I will find out exactly what it is and ask a question—

**The Hon. J.D. LOMAX-SMITH:** Clearly, we have been working on policy, and I have just explained that the employment strategy combined with the skills strategy could not be finalised until we had all the threads in line, and that included the Economic Development Board, the skills inquiry, the Kirby report and the employment strategy. None of those stand-alone activities was the entire answer. The challenge is to pull the threads together.

**Mr BRINDAL:** The challenge is also to do it before the next election, which is now only two years away. The rate at which the minister is going, she will have the challenges there and will be telling the people, 'Give us another four years: we haven't had time,' and that would be disgraceful.

**The Hon. J.D. LOMAX-SMITH:** They may give us another four years.

**Mr BRINDAL:** Yes, if South Australia is unfortunate, they indeed will. Can the minister explain, in view of her obvious passion for the disadvantaged—and I accept that: I have heard her speak about this before—why the government has axed the Aboriginal apprenticeship program, which in the past couple of years has seen over 100 young Aboriginal people gain apprenticeships with the state government? And, in view of her desire to support the disadvantaged in our community, how does the minister explain that Aboriginal people, who are generally viewed as the most disadvantaged of all the people in South Australia, are having their programs axed? Or is it true to say that social inclusion basically is the province of European people living in the northern and



southern suburbs of Adelaide rather than Aboriginal peoples living in the tribal lands of the north-west?

**The Hon. J.D. LOMAX-SMITH:** I am at a loss to understand why you believe we are not running Aboriginal apprenticeships any more—this is not my advice. I understand that we still have this program, so I am not sure of the basis of your information. It is an assertion that does not link with my knowledge of the facts. In 2003-04 we will still be making appointments into the program. We will have 30 Aboriginal trades apprentices through the Aboriginal Apprenticeship Program. These apprentices will be placed in the private sector and targeted to industries that have projected jobs growth to 2008-09 and will provide long-term job outcomes for participants; 50 per cent of these placements will be targeted to regional South Australia and 30 per cent to women.

The 2003-04 program was refocused to more strategically target skills shortages such as those in areas of wood, metal, automotive and electrical trades, and 28 apprentices were placed as at 5 June in a wide range of trades including automotive, metal, cabinet-making, horticulture, baking and hairdressing, so I am not sure of the basis of the assertion. There is an issue about indigenous programs and I understand there has been some scaling down of activity in the VET sector on the Pit lands. We have created 30 traineeships this year and reintroduced teaching staff. We now have seven officers based on the land, following the years of neglect.

**Mr BRINDAL:** Can we get further detail about what you mean about a scaling down of VET programs in the Pit lands? In support of disadvantaged people—

**The Hon. J.D. LOMAX-SMITH:** And those in the Pit lands who were disadvantaged, but to whom we have now given an opportunity.

**Mr BRINDAL:** In terms of all those, your government, under the Minister for the Arts, the Premier of South Australia, Mike Rann, funded a film through the South Australian Film Corporation and the Festival of Arts. That film was called *Australian Rules* and features some wonderful actors and acting. In that there were at least three, possibly four, featured examples of young people smoking marijuana. There were other examples of adult people smoking cigarettes in the background, but they were not noticeable, but there were scenes where marijuana was a feature of the film. In view of all your answers about helping the disadvantaged of South Australia, do you think it is good expenditure of public funds and good role modelling for young people to illustrate the smoking of marijuana in publicly funded films as the norm in South Australia? Do you think it sets the right image and expectations of our young people for their rightful place in the future or does it cut across your employment programs?

**The Hon. J.D. LOMAX-SMITH:** I am fascinated by the assertions of the member for Unley. My recollection of the last Adelaide Festival of Arts was that it occurred in March 2002. If there was funding for a film to be made at that arts festival, I suggest that it was not the responsibility of the Premier or the Minister for the Arts but the responsibility of a Liberal government and a Liberal minister and not our Premier.

**Mr BRINDAL:** I hope the minister will chase that up because the film has only just been released and, even if the money was made available, the film was released since. If it was our premier, I disapprove as well.

**The Hon. J.D. LOMAX-SMITH:** The information you gave me was that it was a film commissioned for the 2002 Festival of Arts.

**Mr BRINDAL:** I do not know for what it was commissioned, but money was made available—it said it in the credits.

**The Hon. J.D. LOMAX-SMITH:** I am not sure that we as a government are responsible for the 2002 Festival of Arts. I believe it was entirely of the last government's making.

**Mr BRINDAL:** I will find out and I hope you are responsible, and if so I will blame you because I do not approve of it. How many full-time Public Service positions will be either lost or gained in your portfolio area in the 2003-04 financial year?

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

**Mr BRINDAL:** How many reviews took place in the department of agencies reporting to the minister under these budget lines in the 2002-03 period?

**The Hon. J.D. LOMAX-SMITH:** I will take that question on notice as well. I think these are the omnibus questions that have been asked already in respect of the other portfolios.

**Mr BRINDAL:** I will just read them. Who carried out these reviews; how much did they cost the taxpayer; has the government budgeted for reviews in any departments or agencies reporting to the minister in respect of these budget lines for the 2003-04 period; and, if so, who is to conduct these reviews? How much has been budgeted for them? How much did any of the agencies examined under these budget lines spend on services which required, either as part of the process or as outcomes, advice or consultation either with other agencies or bodies or public and/or research services. Who carried out these consultancies or provided these services? How much did they cost the taxpayer?

If you read the question carefully, it means that you have to answer in terms of how many people you employed under the title 'services' which in another government would have been called 'consultancies'. I note that you are not begging this government by listing things under 'consultancies'; you tend to pay for things under 'services' and then try to claim that they were not consultancies. The question is carefully worded.

Has the government budgeted for consultancies or for services (as outlined in my previous question) in any departments or agencies reporting to the minister in the 2003-04 period? If so, who does the minister anticipate will conduct these consultancies or provide these services, and how much will they cost the taxpayer? I do not know whether this is so for your department, but I know it is for other departments. They get people in, they pay them and say that that was for a service when in fact previously it would have been called a consultancy. I hope I am wrong about you, you are my champion and I am trying to push your cause. I am pushing you upwards and upwards. I want to see you as premier. What percentage of the government's total underspending specifically applied to departments and agencies reporting to the minister? What is the carryover to the 2003-04 period, with particular reference to any minor or capital works?

**The Hon. J.D. LOMAX-SMITH:** Underspending was not our problem, generally.

**Mr BRINDAL:** Will the minister advise the committee of the number of positions in all departments and agencies reporting to the minister, and examined under these budget

lines, that attract a salary package of \$100 000 or greater? Furthermore, will the minister advise the committee by how many positions this has increased with respect to the last financial year? On that, has your chief of staff applied for a position within the department, and have you put pressure on your CEO in respect of any application that your chief of staff has made for a job within your department?

**The Hon. J.D. LOMAX-SMITH:** That is an extremely easy question: no.

**Mr BRINDAL:** Given the merging of government departments and the resulting changes, what is the dollar value of these changes in all agencies and departments reporting to the minister? Your ministry is involved, of course. Since the charter of budget honesty is still not in place, despite government promises in the last election, will the minister outline how this will affect the employment and training portfolio in the 2003-04 year?

**The Hon. J.D. LOMAX-SMITH:** Will you clarify that question?

**Mr BRINDAL:** There is not yet a charter of budget honesty, but there will be because this was an election promise that the Premier made. Presumably, if and when there is, it may have an effect on the budget. We are asking, when it comes in, if you could tell us what the impact is likely to be. Have any efficiency savings taken place within departments or agencies reporting to the minister? Will the minister inform the committee how these changes of efficiency will deliver better government outcomes? Will the minister please advise the committee which programs, if any, have been slashed?

Does the minister have any commercial entities within the employment and training portfolio? If so, what were their financial performance outcomes in the 2002-03 financial year? For all departments and agencies reporting to the minister, are there any examples since March 2002—note: since March 2002—where federal funds have not been received in South Australia or will not be received during the forward estimates because the state government has not been prepared to provide state funds to match a federal/state grant? You would understand that question.

**The Hon. J.D. LOMAX-SMITH:** That relates to ANTA funding. It has not occurred; we have matched all our targets.

**Mr BRINDAL:** No, it relates more to the question of, I think, the health portfolio. It is just to check.

**The Hon. J.D. LOMAX-SMITH:** I believe that the only commonwealth/state funding agreements in my department relate to ANTA.

**Mr BRINDAL:** That may be so, but I would appreciate if you would take it on notice because you said earlier—and I think it is right, and Ms Taylor would know this better than I—that with some of the training agreements there is an element of commonwealth funds. I take from a previous answer that, even if we take the government traineeships away, that will not render the government departments ineligible for the commonwealth funds, so that is probably a case where we will still get the commonwealth money, anyhow. The basis of the question is whether there are any moneys like that which we will lose because we are not doing something.

Did all departments and agencies reporting to the minister meet all required budget savings targets for 2002-03 set for them in last year's budget and, if not, what specific proposed projects and programs were cut and not implemented? For each department or agency reporting to the minister, how many surplus employees are there (how many do you have

in God's waiting room) and, for each surplus employee, what is the title and classification of the employee and the TEC? What would that be?

**Mr BLACK:** That is the total package remuneration for executives.

**Mr BRINDAL:** That is very good; I can ask the question. In the financial year 2001-02, for all departments and agencies reporting to the minister, what was the underspending on projects and programs? What underspending on projects and programs was not approved by cabinet for carryover purposes in 2002-03? For all departments and agencies reporting to the minister, what is the estimated level of underexpenditure for 2002-03 and has cabinet approved any carry-over expenditure into 2003-04?

In 2002-03, the government budgeted for \$13.864 million of investment payments for VET. The 2002-03 estimated result was \$11.003 million, an underspend of 20.6 per cent. This is found in Budget Paper 4, Volume 3, page 11.17. Will the minister explain why the underspending has occurred and what areas of the portfolio missed out on capital funding?

**The Hon. J.D. LOMAX-SMITH:** I will take those questions on notice.

**Mr BRINDAL:** What are the future implications of this underspending, and will the government be able to meet the training needs of the South Australian community having underspent on its capital works in the past financial year?

**The Hon. J.D. LOMAX-SMITH:** Since the member for Unley seems to have an interminable supply of these omnibus questions, I ask him whether he would like to table them—unless he thinks there are any that we might be able to answer now.

**The CHAIRMAN:** I am sorry; that is not the procedure.

**Mr BRINDAL:** I am not allowed to. I refer to Budget Paper 4, Volume 3, page 11.7. Aside from the underspending, which might have a significant effect on the state's vocational education system, as mentioned before, in 2002-03 the government budgeted for investment payments of \$13.864 million. In the 2003-04 budget, this figure is only \$8.55 million. How can the minister justify a 38.3 per cent cut in estimated spending, given the recommendations of her own skills audit?

**The CHAIRMAN:** These seem to be not the normal omnibus questions. Are these questions that the member wants to put on the *Notice Paper*?

**Mr BRINDAL:** Madam Chair, there is no such thing as a normal omnibus question; it might be that I have had help from the shadow treasurer with some questions, but I also have a list of questions which I want to ask the minister, which she can take on notice and which are in the 33 pages of questions I had supplied to me by public servants who wanted their questions asked. I would hate to deprive them of their opportunity.

**The CHAIRMAN:** There is an opportunity for questions that were not able to be asked within the estimates to be placed on the *Notice Paper*. While there have been some general arrangements over the past few years about standard questions being asked at the end and taken on notice, that is not what applies to a realm of questions.

**Mr BRINDAL:** I will ask some general questions, which will be dear to your heart, Madam Chair. Will the minister advise the committee why the female participation rate in VET is not expected to be met, and what course of action will the minister be taking to ensure that this does not happen again? It is outrageous that the female participation rate has dropped when we want it up.

**The Hon. J.D. LOMAX-SMITH:** I think that this has been a challenge for ANTA as well, and they have had a review of women in the VET system, recognising that there has been, if you like, an under-achievement for many years on this measure. The levels of apprenticeships and trainees achieved for women has risen over recent years, but a document has been produced by ANTA with the incorporation of a Women in VET strategy to try to improve everybody's achievements across the nation.

**Mr BRINDAL:** In 2001-02, employers of VET graduates had a satisfaction rate of 84 per cent. The minister is fond of pointing out the bad figures when I was minister; that is a good figure when I was minister. In the year 2002-03, this dropped to 75 per cent, and the government has a target for the year 2003-04 of also 75 per cent. So, minister, I just point out to you, most respectfully, that the good figures were under me and the bad figures are under you, because there is a drop of 11 per cent from the 2001-02 levels. Why is it the minister's intention to maintain this dramatically lower figure? She should try to do better than me, not worse.

**The Hon. J.D. LOMAX-SMITH:** I understand that the estimated result for 2002-03 in fact refers to those studying during 2001-02, because there is a year's lag. So, the member's inference may not be entirely accurate. However, certainly the latest figures are somewhat different. Dr Wood will help you with this.

**Dr WOOD:** There are differences between the satisfaction levels of employers and of students. It is true to say that the satisfaction of employers with the training provided through VET in South Australia has dropped off in the last collection figure. We have set up a working party with people from industry to try to determine why that might be. It is also fair to say, though, that the satisfaction level among students remains extremely high and, on the latest figures out this week, it is the highest in Australia. It is something of a mystery why these students think that the training is excellent, whereas among employers the figure has dropped.

The other thing to say is that among employers the average level has not changed, and that is about as good as the rest of Australia. What has changed is the number of people rating it as 'absolutely superb' and 'excellent', and the explanation may be nothing more than the fact that, when you get down to that level of detail, the numbers are so small it is a statistical quirk, and that is the sort of effect that we are looking for.

**The Hon. J.D. LOMAX-SMITH:** Can I add another contribution to the debate. The member is looking at recent VET graduates, and I do not believe that TAFE can be

responsible for that overall drop, because it is a mixed category.

**Mr BRINDAL:** Let us hope that it is. If we put another case scenario on it, minister, and the 2001-02 figures represent, as you say, a year's lag, then what suddenly happened to that figure in the three or four months from the end of the Liberal government in about March? The figure for the last full period of the Liberal government was 84 per cent, because that is the one listed. In that three or four months after Labor took office it must have dipped dramatically. I would like the minister sort out whether that is the case. Our job, minister, is to be a constructive opposition, and we do not want the TAFE sector going backwards just because you are in government and we would like to do all we can to try to help you make it a little bit better, because it looks like it could be on a much more dramatic slide than we thought since you were there, minister. You do not think so?

**The Hon. J.D. LOMAX-SMITH:** My advice is that these are not statistically significant because of the size of the sample. I have not drilled down into the selection of this data enough, so I am not in a position to defend or support the figures at all.

**Mr BRINDAL:** It is virtually 7 p.m. and we have an agreement, which the opposition will honour, but I will conclude by asking: why put in the budget papers figures that are not statistically significant? If we are going to have these things in budget papers, and I am going to ask you questions and you are going to answer that it is a silly figure and it is not statistically significant, one wonders why they were put here by your officers in the first place, because it is wasting your time and—

**The Hon. J.D. LOMAX-SMITH:** These are figures that have always been there. I think you would be suspicious if we removed them.

**Mr BRINDAL:** I am suspicious every year, minister, because you remove everything and you change it around and I cannot understand the papers from one year to the next, and neither can anyone else in this place.

**An honourable member:** It takes an expert to pick an expert!

**Mr BRINDAL:** That is exactly right, and every Treasurer seems to make an art form of it.

**The CHAIRMAN:** Order! The time agreed for the examination of these payments having expired, I declare the examination of the vote completed.

#### ADJOURNMENT

At 7.02 p.m. the committee adjourned until Thursday 19 June at 11 a.m.