

**HOUSE OF ASSEMBLY**

23 June 2003

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

Ms M.G. Thompson

**Members:**

Mr M.K. Brindal  
 Mrs J. Hall  
 Mr T. Koutsantonis  
 Mr E.J. Meier  
 Mr M.F. O'Brien  
 Mr J.R. Rau

*The Committee met at 11 a.m.*


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Transport and Urban Planning, Office of Local  
 Government, \$2 670 000  
 Administered items for the Office of Local Government,  
 \$512 000

**Witness:**

The Hon. R.J. McEwen, Minister for Industry, Trade and  
 Regional Development, Minister for Small Business, Minister  
 for Local Government, Minister for Forests.

**Departmental Advisers:**

Mr T. O'Loughlin, Chief Executive, Department of  
 Transport and Urban Planning.

Mr M. Petrovski, Director of Local Government, Office  
 of Local Government.

**The CHAIRMAN:** The estimates committees are a relatively informal procedure and as such there is no need to stand to ask or answer questions. The committee will determine an appropriate time for consideration of the proposed payments to facilitate the changeover of departmental advisers. 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 through the chair and not to the minister's advisers. 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 3 in the Budget Statement and part 10 (Pages 10.114 to 10.115) of Volume 3 of the Portfolio Statements. I now call on the minister to make an opening statement if he wishes.

**The Hon. R.J. McEWEN:** I wish to bring to the committee's attention a number of matters in relation to the Office of Local Government, which obviously also deals with the Outback Areas Trust and the Grants Commission. The shadow minister, who for some time was the minister in this area, probably knows more about it than I do. The Outback Areas Trust is an interesting part of the portfolio because it covers 85 per cent of the state. It is interesting for reasons we might come to when we look at fiscal equalisation a bit later, because the federal government believes that one of the reasons why we are poorly treated is that we have such a large area and, as is the case with the Outback Areas Trust, it is an unincorporated area comprising about 85 per cent of the state.

We believe that that whole proposition is a myth, but notwithstanding that it is obviously part of the office as is the Grants Commission, which distributes about \$105 million of HFE money, which was up about 3 per cent this year. The key role of the office is to administer the Local Government Act, which was revised in 1999 when it was steered through parliament by the now shadow minister. The department is very complimentary of the member for Unley for the job that he did at that time. Carol Proctor on her retirement a fortnight ago was very complimentary of what the now shadow minister did in working that bill through parliament. It is now the architecture within which we run that office.

The focus that we are now taking is more one of inter-governmental relations with both the federal government and obviously the family of local government. Under the new act we can build close relationships, and that is the key to what we are trying to achieve in that sometimes we fail as spheres of government to recognise that we serve a common client. Sometimes we fight with each other when all the client expects from us collectively is to provide a substantial service which contains no gaps and no duplication and one which is hopefully provided in the most cost-effective way.

Sometimes, when we fight with each other, we fail to see how we are collectively seen by the community at large, which funds all of us. The way to deal with that is simply to work amongst ourselves to build better relationships among the three spheres of government which serve this common client. That is certainly part of our mission going forward over the next year or two, and you will see that in some of the outcomes we hope to achieve in the next 12 months. I mentioned briefly that Carol Proctor has now retired from her position. Carol did a magnificent job, and over recent days it was great that so many people came forward and complimented her on the work she did.

A quiet achiever, certainly firm but fair, she earned enormous respect for the way she went about performing that role. A number of people gathered recently to say goodbye to her over a few drinks; as I said at the time, the people who gathered said far more about Carol than I could ever have done in saying goodbye. I acknowledged that she publicly expressed her gratitude for the work the member for Unley

did when as minister he steered the last act through parliament. She was very complimentary of the work he did.

A diagram on page 4.14 says far more than I could say. It demonstrates that South Australia is being very harshly dealt with by the federal government. When you look at that table you will see that under 'identified road grants per kilometre' or 'identified grants per capital', South Australia is very poorly served. It is an issue we have found very difficult to deal with in that, as much as other parties acknowledge that we are being very unfairly dealt with, no-one has the courage or the will to redress it on our behalf. I have certainly tried working with Deputy Prime Minister Anderson's office and Stuart St Clair from his office and more recently I met with Wilson Tuckey, who was part of the cost-shifting inquiry. I wanted to have a look at this issue and, as I indicated earlier, the only thing we got from minister Tuckey was some nonsense about unincorporated areas. Notwithstanding that, we are very poorly dealt with, and it is a matter from which the whole of South Australia suffers because we, as a state government, equally with our partners in local government, are being shabbily treated. It is an issue in which I think the shadow minister could continue to support me in a bipartisan way, because we have to find a way around it.

I will make a couple of other brief points. The Local Government Ministerial Forum has worked particularly well. It is a recent initiative, where key stakeholders from local government meet with four state ministers and references are brought to that where there is cross jurisdictional responsibility within state government. That is starting to work well and has certainly taken on some significant issues, not only in terms of what the problems are but, more importantly, in terms of a collaborative approach to solutions. One of the other things I might mention is that on page 4.16 for the first time we set out in the budget the specific purpose payments from state to local government. It was the first time we asked Treasury to do some work on our behalf. It sets out quite clearly exactly what movements there are in dollars, indicating that nearly \$75 million a year goes to local government in a range of ways to achieve a range of outcomes which are part of our shared responsibility.

Finally, I refer briefly to the targets for the next 12 months in terms of what we hope to achieve with the very modest resources that the Treasurer makes available to the Office of Local Government. One of them is strengthening relationships. Most of that work will go into strengthening relationships with the family of local government, and we will do that through the Local Government Association and, beneath the Local Government Association, the regional associations and other vehicles they put in place. That is the appropriate way I believe we should embrace and engage local government as a family of local government, rather than attempting to deal with individual councils.

There can be a lot of problems in that; I would prefer to see them synthesised and bring to the top the policy decisions with which they can engage state government, rather than our being brought into debates they should have amongst themselves, and which they tend to do in a robust way. The targets include strengthening relationships and improving efficiencies. Part of the ongoing challenge for all of us in local government is to deliver our services in a more efficient and effective way. The last target is to enhance equity in terms of HFE. We have to continue to struggle until we get a better deal. With those few opening remarks I look forward to hearing from the shadow minister and other members.

**Mr BRINDAL:** I was not going to make an opening statement, but I want to make a very brief one. Notwithstanding my driving difficulties, I thought it was the right of members of parliament to have a car park in this place and again today the car park is absolutely chock-a-block. I have parked illegally and, if I get another summons over it, the house can sort it out. I am sick of it, and I want it on the record.

**Mr RAU:** I would like to record that I have had the same problem and have parked out at the front. If I get a sticker, the reason I am out there is because I cannot park at the back.

**Mr BRINDAL:** The Speaker and the JPSC have to decide whether or not members of parliament have a right to do their job. If they do not want us to attend on time that is fine but, if they do, we have a right to have a car park and perhaps the thousands of other people who seem to get here first and hog all the car parks should come second to members of parliament whose job it is to vote in this place.

**The CHAIRMAN:** I thank the members for Unley and Enfield; I will ensure that that information is conveyed to the Speaker.

**Mr BRINDAL:** Thank you. I congratulate the minister on the local government forum; I think that is one initiative that this government has picked up. I have to say to him—and I do not say it lightly—that I do not know where my future career will take me, I am so disappointed with this government at present, though not in his local government portfolio area. The minister will say our government did it too; I suppose it did, but it gets to the stage where you are sick of the ruses, the prevarication, the smoke and mirrors and the fact that nothing is going on. I feel for this state. I think nothing is going on in a most dramatic way.

The minister is quite right; he is given modest resources, and I have every confidence that the minister will do the very best he can, but it is about time that South Australians realise that by and large those in executive government have pulled the wool over their eyes for some years now. There is not enough money to do a lot of the things that need to be done in this state. They are not being done properly or at all, and all we have is a succession of governments.

The minister might make a criticism of the government of which I was a member. They are not doing enough; they are not doing it quickly enough and South Australia is going backwards. I for one am getting a bit sick of sitting in this place, going through the motions and pretending we are doing more than we are and fronting ministers who tell you how good it is, when we all know it is calamitous in many situations. The minister made the comment about 'modest resourcing'. I acknowledge that, and do not put the blame squarely at his feet.

That is enough in the way of opening remarks. In Budget Paper 4, Volume 3, on page 10.115, under the 2003-04 'targets' the government states that it wants to explore options for strengthening local government's accountability. I applaud that, but I wonder what those options are. I draw the minister's attention to his predecessor, the Hon. Jay Weatherill who, on the issue of rating last year, was minded to reject an opposition proposal for making councils explain, when they put the rates up above inflation by more than 1 per cent, why they needed the additional funds. That is, any council could raise the council rates by inflation plus 1 per cent, but after that they had to go through a period of public consultation. That was rejected by your predecessor, minister, and instead he said that they would look at the much more profound issues of social justice, which were currently being

ignored in the rating issues of most councils. What have you done about it and what will you do about it? Will you move to cap rates, and how much leeway will councils be given, if that is to happen, to combat inflation? If not, what is the minister doing about general council revenue, as the new financial year is nearly upon us?

**The Hon. R.J. McEWEN:** Under the targets for 2003-04, although the shadow minister has referred to the first of them, that is, exploring options for strengthening local government's accountability, he has then gone on to talk about the fourth target, which is monitoring councils' use of rating provisions of the Local Government Act 1999. I will deal with the first one, even though his ongoing explanation did not address it. What we are about is working more closely with local councils in terms of their being accountable to their communities for the complaints mechanism and all the feedback they receive about the services they provide. I think that a mechanism which brings any level of government closer to the people to whom it provides services in terms of any criticism or any negatives is a great continuous improvement process.

I feel that sometimes the office has shared too much of the burden in terms of dealing with complaints without making the family of local government directly aware not only of what the complaint was but also how it responded and how, in turn, local government should respond. That is not saying that local government does not have acceptable internal mechanisms to deal with complaints: it is saying that we need to beef it up a bit, particularly when some of the complaints are more generic. We want to engage local government more closely in terms of a shared responsibility because it is closer to the complaints in the first place. We can do that in a number of ways and we will explore that over the next 12 months. We do have the office of the Ombudsman at a state level. This would not be a dissimilar service, and the way in which you might deliver it might be out of the same office. All it says is 'Explore options'. We have a very open mind, but the intent is to use the complaints mechanism as part of a continuous improvement process.

The shadow minister then went on to talk about monitoring councils' use of the rating provisions of the Local Government Act. Again, he is very aware of what those provisions are. It is actually the act, which, as I said earlier, he shepherded through parliament, so obviously he is very aware of the provisions. What we have done over the past 12 months through the improvement process is explore with local government the tools it already has under the act. I do not think that all councils necessarily have explored all the options that exist. There are enormous opportunities to address the spikiness of valuations and so on within the tools which presently exist: it is just a matter of exploring them with local councils. We have done that through a series of workshops, written material and engaging local government, and I might add that it has done a good job. I am comfortable that local government is now much more aware of the tools that it has available to it in terms of rate rebates, delaying funding and so on.

The act did have the tools and local government has now spent some time exploring them and taking them up. However, at the end of day, we need to remind ourselves of the starting point for a council setting a rate. First, to determine what it wishes to do in the next 12 months. It is not accountable to the state for that; it is accountable to its elected members. The first thing it does is set a program, and, secondly, it sets a budget. Once it knows what it needs, it then

asks the question: 'How will we now raise this?' and obviously there are options open to it. Most of it is raised through rates. Obviously councils can also borrow money if some of what they are doing has a longer term pay back, that is, it is there for a different purpose.

I think that local government is too conservative in terms of its borrowings. It has a very conservative book in that regard, but it has that choice. The money it needs to raise through rates is then determined, and obviously the valuations are used to raise that money. Again it has the mechanisms to spread that across the different categories it has available. However, it is not accountable to the state government for that: it is accountable to the communities who elected it and the communities who are enjoying the services that it provides.

**Mr BRINDAL:** I agree with everything the minister said, but I ask a supplementary question. The minister is quite correct in saying that they have a huge variety of rating mechanisms at their disposal but, until this year (if it changes), there has been a spectacular disinclination to take up any variation at all in rating policy. The one council of which I know that does a little is the City of Salisbury. The City of Salisbury found that, at the top end of the market, if it applied the rating policy generally to some of the houses in a suburb called Salisbury Heights (I think), those residents in Salisbury Heights would be paying more than people living in Beaumont, Unley and Victoria Avenue Unley, so it gave them a rebate. Unfortunately, that is a very rare case.

I acknowledge that local government is not accountable to this house, but local government—through no fault of the state government but through the fault of the Australian people at a referendum—if you like, the parent of local government, exists by and through the Local Government Act, and an effort was made in the rewriting of the Local Government Act to ensure that councils were truly responsible to their ratepayers. There is a statement in the Local Government Act that every council has to have a rating policy—and they do. They have got around it very nicely. They have a rating policy of two or three lines, which is published on the web and which generally says absolutely three parts of nothing. So, in my opinion, far from being accountable to their ratepayers, most councils are spectacularly disinclined to be accountable to their ratepayers. What is more, they then take the easiest options for setting the rates.

In my own electorate of Unley—and I am sure that the minister has examples in his own electorate—what then happens is that people who are asset rich and cash poor, often migrant people, in my case Greeks living in Unley and widows who very often just want to stay in the family home until they retire, are given no rebates and no concessions at all. The minister is right in all that he says, but the minister also said in his opening remarks—unless I misunderstood him—that this is one client base. The ratepayers of Unley also elect the state and commonwealth governments; and people are not divided into three neat little parts, one part saying 'local government'. Therefore, if one part of government treats its electors unjustly, every part of government should be concerned. Quite frankly, the way in which most councils administer their rates at present is appalling. It has no element of social justice in it—and the Hon. Jay Weatherill commented on that very strongly about a year ago.

I accept that the minister says that there were workshops and that it is basically their responsibility, but the question remains: if they do not start to meet the responsibilities, what will the minister do to see that the pensioners in my elector-

ate, the Greeks in my electorate, some of the people in his electorate and the electorates of Enfield and Morialta are not treated with the disdain, the disinterest and the absolute financial disregard generally shown by the local government sector? In concluding this tirade, I point out that one of the most spectacular tricks that I saw local government trying to pull this year was an effort to say that the power that runs over our heads and the utilities that run down our streets, as they exist on council land, should all be rateable.

That would have been the cutest trick local government could have pulled. Rate ETSA, rate the telcos, rate everyone, collect an indirect tax, and then sit back while your ratepayers are suffering even more and say, 'It is not our fault that the cost of electricity is going up further; it is not our fault that telecommunications costs are rising: after all, we are only collecting a rate and we have a right to do so.' That encapsulates local government's attitude to rating generally, that is, get as much as you can in a way that does not attract any attention and then spend it like a blind man with 15 arms.

**The CHAIRMAN:** Member for Unley, I interpret that as your opening remarks. You yourself know that this is not a debating forum. It is a forum for questions. In future, I ask you to make your supplementary questions, and all questions, questions rather than tirades.

**Mr BRINDAL:** I think that estimates, like any committee, gives you the chance to make three statements or ask questions. I stand to be corrected, but I believe that on any occasion you can make a statement in the context of the estimates hearing.

**The CHAIRMAN:** Up to three minutes.

**Mr BRINDAL:** Well, you can time me.

**The Hon. R.J. McEWEN:** The shadow minister himself has now admitted that that was a statement, rather than a question. I think we will leave it at that. As I pointed out, the forward target is to monitor councils' use of the rating provisions. We produced the resources. Obviously, part of that was a predictor of the impact of their rating decisions. We have clarified with them the options that exist for providing relief to vulnerable ratepayers. In the next 12 months we will work with them to make sure it is working. I happen to have a far more robust view of local government than the quite pessimistic view expressed by the shadow minister. I am confident we can work together to achieve outcomes for that shared client base.

**The CHAIRMAN:** Member for Unley, a question.

**Mr BRINDAL:** Or a three-minute statement, Madam Chair. I congratulate the minister on the appointment of his new head of department. Could he tell me how and when that was advertised? What was the selection process for the appointment? Are there any other matters that the minister may consider relevant?

**The Hon. R.J. McEWEN:** As no decisions have been made at this stage about the replacement for Carol, I cannot answer that question. I indicate that I would hope, as early as tomorrow, to be able to make an announcement. It is too soon to do that today. I am happy to discuss the matter with the shadow minister at the appropriate time. Obviously, we will always involve the Commissioner for Public Employment in any process to replace a senior public servant.

**Mr BRINDAL:** Has the position been advertised nationally in the press?

**The Hon. R.J. McEWEN:** That decision has not been made at this stage. We are having discussions with the Commissioner for Public Employment about all options that exist to fill a position of that nature. I hope we could say

something positive tomorrow, but we will do that as soon as we possibly can. In the meantime, Mick Petrovski is leading that team and it is business as usual. They are a great team in terms of being a semi-autonomous team. Just because one player steps aside, it does not impact greatly on the rest of them. They are a multiskilled group with a good skill base and they work particularly well. I am quite encouraged by the way in which they have continued on, as Carol has eased herself out.

**Mr BRINDAL:** I think I misunderstood the minister. I thought the minister said Mr Petrovski had been appointed. I have profound respect for Mr Petrovski but, given that he was the Lord Mayor's chief-of-staff (when she was the Lord Mayor) and given he was the chief-of-staff to minister Weatherill before he moved into local government, you can understand why I am anxious that this is a fully transparent process. I also accept the minister's remark that there would be few departments that worked as well as the Office of Local Government. Small as it is, it produces well above its weight for any government.

**The Hon. R.J. McEWEN:** I feel that there may have been some comments about the appointment of Mr Petrovski to the substantive position he presently holds in an acting capacity. There has been some reflection now on his earlier role with the city and his work with another minister. I will ask the head of the department to put on the record that it was his responsibility to manage that process. I want to ensure that it is on the record that it was done in the appropriate manner. I ask the Chief Executive to outline how the position was filled.

**Mr O'LOUGHLIN:** In accordance with the commissioner's guidelines, it was advertised both internally and externally. A panel was formed. I was on the panel. The panel was chaired by Carol Proctor. We interviewed five short-listed candidates and a recommendation was put to the commissioner and accepted in the normal fashion.

**Mr BRINDAL:** I thank Mr O'Loughlin and the minister. I remember being involved in similar panels. I remember how they work.

**The CHAIRMAN:** Member for Unley, would you like to reframe your statement? You said you were involved in previous panels. My recollection of the Public Sector Management Act is that ministers are expressly forbidden to participate on panels.

**Mr BRINDAL:** Thank you, Madam Chair. That is a very good point: perhaps I said more than I intended. I was previously an observer of the way in which panels worked. Therefore, I have some knowledge of what was said.

The minister in his opening remarks addressed the Outback Areas Lands Trust. In the targets of the portfolio area, it speaks of partnerships to address infrastructure needs in outback areas. Who will be involved in those partnerships? What will be involved in those partnerships? How much will they cost? What outcomes can be expected of these partnerships? It crosses portfolio areas a bit, but I am now minded to recall a number of instances where, first, the Outback Areas Lands Trust did look after certain infrastructure needs—and electricity was one of them. They ran a lot of powerhouses. Eventually that came under the umbrella of ETSA. I do not know where it is now.

Another infrastructure need of primary significance to this state is water. It came to my attention not long ago that the costs of water in Coober Pedy are quite high, as are the costs of water to Andamooka, which are passed on through Roxby Downs and the mine there where there is a pipeline coming

out. In both cases they are not 92 cents per cubic metre. As the government has had for a long time, with nearly all the people in South Australia, a social justice compact that says all South Australians are entitled to water for consumption at 92 cents a cubic metre, it strikes me that this is one area where some people are being disadvantaged. It is part of the reason for my question.

**The Hon. R.J. McEWEN:** The Outback Areas Community Development Trust received an appropriation of \$151 000 last year and will receive \$237 000 to support its operations. This includes \$87 000 referred to because of your appointment earlier of an AS07, rather than an AS05. There were some changes there.

**Mr PETROVSKI:** During the previous government, there was a decision to restructure part of the office and it was decided that a level five position was no longer required.

**The Hon. R.J. McEWEN:** You will see carryover between the two positions.

**Mr BRINDAL:** Have we just got rid of an AS05?

**Mr PETROVSKI:** The AS05 position was abolished and the person who was in the position accepted a voluntary separation package. It was also determined that a level 7 position was required, as well, and that is where the \$83 000 appropriation comes from that the minister was talking about.

**Mr BRINDAL:** It is amazing what slips through—that you either do not remember or that just slips through!

**The Hon. R.J. McEWEN:** In relation to the final point of the question, the \$867 000, which is the key resource of the trust, is obviously commonwealth money. It comes in the form of financial assistance grants. They manage that. The board manages that. That is the appropriate vehicle to do that.

**Mr BRINDAL:** With SA Water, as the minister would know, there is a compact that payments are made across much of the state, although I do not know about the South-East. In Whyalla, for instance, I believe that the cost of delivering water is \$4.50 and people pay 92¢ and the \$3.50-odd is actually paid (I do not know whether it is a physical payment) from Treasury to SA Water as a sort of social justice payment for water. Who would be able to accept that payment on behalf of the people of Coober Pedy and Andamooka, and is it the minister's job (either as Minister for Local Government or Minister for Regional Development), given that in this case he has a direct interface with the Outback Areas Lands Trust, to see that this program is put in place with those people, or does the minister not believe that the people of Andamooka and Coober Pedy and other outback areas should be entitled to water under the same cost provisions as the rest of the citizens of South Australia?

**The Hon. R.J. McEWEN:** I do not know that this is any particular line of the budget. The shadow minister is confusing a number of issues here. I am quite happy to get from SA Water, from the appropriate minister, some of the answers. But the honourable member is mixing up Coober Pedy, for example, and the Outback Areas Lands Trust, where you have a council on the one hand and a trust on the other. I think that things are tangled up here at the moment. That notwithstanding, I think that there could be a couple of questions in there. I am happy to look at the record and, if I need to get some information back to the shadow minister from another minister, I will do so.

**Mr BRINDAL:** I accept what the minister says: that had slipped my memory for a minute. But Andamooka, I think, is in the Outback Areas, and places such as Marla I am fairly sure would be, and it would be applicable to them. I cannot quite see how Coober Pedy can be addressed, because there

is a local council there, but a council is not generally responsible for water, although I do not know in this case. It is a matter of who the council or the residents actually ask to get this thing going or, at least, considered by government. It strikes me that it could be one of those things that falls between the cracks because it is nobody's responsibility even to ask the questions. I defer to the member for Morialta.

**Mrs HALL:** I specifically want to raise dot point 2, page 10.115 under Targets, under the heading of 'Investigate options for improving the effectiveness of the system of elected representation.' I have a couple of questions as it relates to the past local government elections. Will the minister comment on whether the words 'improving the effectiveness of the system' may include looking at options that affect various local councils in a different way? When the new bill went through the parliament a couple of years ago, a number of councils believed that their preferred method of election would be booth elections as opposed to postal voting. Will the minister comment on that aspect of that dot point? Does it include a review?

**The Hon. R.J. McEWEN:** The member for Morialta is absolutely right. I think that we should continue to learn. There were some good things and some deficiencies in the last round of elections and it has thrown up quite a number of issues. One of them is postal voting versus appearance at a polling booth. It was raised by a number of members, particularly in some communities that were somewhat suspicious about signing the back of the paper, and we do need to look at that. If we actually have a barrier here to people participating in the democratic process because they feel, for some cultural or other reason, that they do not want to sign the back, yet the vote is not legitimate unless they do, there is an issue. We are not saying that we can improve it; we are simply saying that we should take that on board.

Equally, one thing that disturbed me was that in the last election we saw a third of the sitting mayors across South Australia defeated. That was great: that was local communities exercising their democratic right. But it actually meant that a significant number of senior leaders in our community were lost to local government for three years. So, as part of the review, why do we not also consider dual nominations? Why should you not choose to nominate both as a councillor and as a mayor? Obviously, if you are elected as a mayor your second candidature is not relevant but, if you are not, why should you automatically be excluded for three years? There is a view, of course, of sitting mayors who do win saying, 'The last thing I want sitting round the table is the people I've just defeated,' but I think that, on balance, some communities are now the poorer for not having some of the senior leaders able to participate.

That is one issue. Another issue will be timing. The next local government election will be within the same election cycle as the next state election, and the last thing we want is some confusion about concluding a state election and starting a round of local government elections. So, yes, I think that there are quite a few issues that we should talk about with the family of local government and, if necessary, make some changes. Nothing has come up at this stage, but we should cast our net wide first in terms of what we should explore. We can continue to improve the process: let us learn the good and the bad of the last election cycle and let us hope that, through continuous improvement, we can rectify some of those issues at the next round of local government elections.

**Mrs HALL:** As a supplementary question, I put on the record that the suggestion of at least one council that has

spoken to me on a number of occasions (and when the previous bill was going through the parliament) was to give local councils themselves the option to choose a significant way out of the time frame, whether they would go to postal voting or booth voting. It has been generally agreed at forums within local government that postal voting seems to be the preferred method of voting in many rural and isolated areas, but the debate is still pretty lively, particularly in the metropolitan area, where some metropolitan councils believe that they would have a more cost-effective process if they go to booth voting, if there is some method of undertaking a percentage of the budget for education purposes. Will the minister look at that and maybe include it when he is gathering a list of things to look at?

**The Hon. R.J. McEWEN:** It is a good observation. Importantly, I need to say that I think that it is the Local Government Association, the peak local government body, that we all should look to for some leadership in this debate. That is the appropriate place for that debate to be managed. Equally, we should be able to participate in that and exchange a range of views. Over the next 12 months we will be saying to the association, ‘Would you please, on behalf of your 68 constituent members, explore all these options?’ I think that any one of these options, such as a couple that the member for Morialta has put on the table, ought to be put to it and it ought to come back with a range of options.

The environment is appropriate in which to do it. This is the first year into a three-year cycle. It is a good time: we can have that debate without too much politics of any nature getting involved in it. We have some clear air now for a year or so—let us go ahead with it. I think that there are some good suggestions there.

**Mrs HALL:** Specifically related to the last election, another area that I have a particular concern about is the method of voting. It specifically affects preferences and specifically affects those contests where there were, in this particular case that I am referring to, area councillors. Will the minister consider and perhaps comment on the fact that in state elections and in federal elections you have a formal vote counted if you put a number 1 on the ballot paper—

*Mr Koutsantonis interjecting:*

**Mrs HALL:** In federal elections (as I am sure the member for West Torrens would be aware), you can count as a formal—

*Mr Koutsantonis interjecting:*

**Mrs HALL:** Can I just put to the minister that there are different methods of voting and different ways of counting formal votes in state and federal elections. I believe that there was substantial confusion in a number of council areas this time when there was a very large number of informal votes cast in genuine attempts to cast a formal vote. These were particularly in areas with a large multicultural and diverse voting base and, again, I believe that local government ought (and perhaps the minister would have a view on this) to have some form of uniformity in allowing votes to be cast as formal and they should not be different in the three separate spheres of our voting. In my view, you should not have different votes counted as formal votes in state, federal and local government elections. I ask if the minister will have a look at that and also if I could have his general view on that issue.

**The Hon. R.J. McEWEN:** I am happy to look at it; however, my minders would go ballistic if I volunteered my personal view, and so they should.

**Mr BRINDAL:** Feel free!

**The Hon. R.J. McEWEN:** I do not know enough about it to be honest, other than to say that we do not have standard practice across states or across spheres of government and, because we are doing something quite different in the House of Assembly from what we are doing in the Legislative Council, we have different strategies depending upon which house is being elected, even in this place. I do not know if there is any one answer; every model has its strengths and weaknesses. I know that there is great confusion and great debate around Australia every time Tasmania holds an election, because the Hare Clark system is not well understood and, like all other systems, has its strengths and weaknesses.

However, there is substance to the question in that we need to have a clear undertaking as to what votes remain eligible, and for how long, through the voting system but, more importantly, we also need to make sure that people understand—before they vote—how their vote is going to be looked at and whether they have to fill in every number on the card or only the same number as the number of area councillors, etc. There is confusion around that and I believe we need an education process ahead of the day. Certainly, you get material sent out in your postal package, but I think we need some better explanations around that. So, you are right: we need a stronger education program but there are also alternatives, and I do not see any problem with having a debate about which suits that sphere of government best.

**Mrs HALL:** A supplementary question, Madam Chair. Minister, I have some real concerns—given that the next round of local government elections will be two months after a state election—that we are going to have state election material out there explaining to people how their votes will be cast as formal for the House of Assembly and for the Legislative Council and then some two months later they are going to get a different form of material telling them how their local government votes will and will not be formal. It is a very real issue, and I note that the member for West Torrens is listening very carefully. Perhaps we might pursue that over a cup of coffee, because I think it is a very genuine issue and I am not playing party politics on this, I can assure you. I feel very strongly about it.

My next question again relates to this last series of local government elections. Will the minister or his department be undertaking some evaluation of costings from the elections, and what costs were incurred, to give us an indication of how much per vote it was for each area? Also, could the minister or his department provide a breakdown on how much it costs to correct errors? I am reminded that in one particular case a set of candidates put out false information and then had to correct that information, but the council copped the bill for it. This seems to be highly unfair and very costly, and I believe that it would be very useful to have a breakdown of instances where this has happened, and to look at ways to ensure that—whether by accident or plain political mischief—incorrect information is not circulated in the future, particularly in electorates with a diverse multicultural base.

**The Hon. R.J. McEWEN:** I can only assume that some work will be done in that area by Steve Tully, who is accountable to the Attorney-General, and I am quite happy to bring this question to the attention of the Attorney-General because I think there is some legitimate information there that we need to be aware of.

**The CHAIRMAN:** Clarification, member for West Torrens.

**Mr KOUTSANTONIS:** Given that everyone is mailed a ballot paper, would there be any extra cost incurred in making voting compulsory for local government elections?

**The Hon. R.J. McEWEN:** I have no idea.

**The CHAIRMAN:** Thank you, minister, for that considered answer.

**Mr BRINDAL:** My first question refers to Budget Line: Targets for 2003-04 in Budget Paper 4, No 3, page 10.115. Minister, I would like to explore the first dot point: options for strength and local government's accountability to its community. In terms of the last election, has the minister had cause to, or will the minister, investigate the formal involvement of political parties in local government elections, especially in terms of any inappropriate action or behaviour in respect of the election process, vis-a-vis the last election? If he has not had cause to do so, will he; if not, why not?

The reasons for my questions are these: I have had some quite serious allegations made to me—some of which I think at the time it was relevant I passed on to Steve Tully—about the formal involvement of political parties and about intimidation of people who were candidates; and the minister would be aware that subsequently some allegations were run in the *Advertiser* which alluded to a mayor whose brush fences at completely disparate locations suddenly caught fire. Nowadays it has been suggested that she was a member of the wrong group that won. Additionally, minister, and I do not want to use this chamber to peddle scuttlebutt, quite a lot of serious allegations have been made to the effect that local government is subject to some very inappropriate procedures.

There is one that I will put on the table, because it worries me. As the minister said, I was largely responsible for the last act, which included a provision for postal voting. It has certainly been at least alleged to me that amongst some ethnic communities you sign your postal voting slip so that it is a proper slip, you take it down to a local business and deposit your slip and you do not have to worry about the voting. It is filled out for you, it is submitted, it is legally signed by the voter, but it is not legally filled out by the voter, and the votes are collected for particular candidates by particular major political parties. I think this needs airing and it needs investigation, and later I can tell the minister specifically some of the shops and the communities involved.

**The Hon. R.J. McEWEN:** The member knows he will not tell me; he will tell the Electoral Commissioner. He knows, like I do, the appropriate process to deal with issues of this nature. He is being a bit naughty because it really has nothing to do with the first target under 2003-04, anyway. He is just trying to draw a long bow to put on the record some of the concerns which he knows are the jurisdiction of the Electoral Commissioner. I trust that he has already sent them on. Again, it is appropriate that any complaints are formally lodged because, until a complaint is formally lodged, it is not a complaint.

**Mr BRINDAL:** One thing I will give this minister—

**The CHAIRMAN:** Is this related to a budget line?

**Mr BRINDAL:** Yes, I related it to a budget line. The minister is very good at avoiding long arrows. I refer to the cash flow situation outlined in the same Budget Paper, on page 10.125, Cash Flows Received from Grants and Subsidies, in particular the local government taxation equivalent fund, and a state government appropriation for administrative expenses. It is dealt with on that line, and I refer the minister back to page 10.123 which deals with the same line. It appears that the Local Government Grants Commission

payments are made out of that, along with the Outback Area's Community Development Trust payments.

I noticed that in 2000-03 there was a deficit of \$500 000 and that you have actually budgeted in the next financial year for a deficit of \$80 000. Will the minister comment on how appropriate it is to run any line with a known deficit, and why are those lines run? It is most unusual, and I think the minister will concede that the lines are actually budgeted for a deficit. As I understand it, this was money paid into the local government taxation equivalent fund by local government through some of their trading entities to meet competition policy principles. It then had to be redistributed. I cannot quite work out why it is necessary for the state government to distribute half a million dollars more money than it actually collected. Can the minister give the committee an explanation?

**The Hon. R.J. McEWEN:** I do not think it is on about quite what the shadow minister suggests, but I will certainly take that on notice. Treasury does sometimes describe things in most peculiar ways. You might find that it is simply a carryover from one year to the next. We are talking about a mix of cash and accrual accounting through these documents. I will certainly get back to the shadow minister on that matter.

**Mr BRINDAL:** I have another question, but I cannot quote the budget line, Madam Chair, because I cannot find it. The question is: where is the local government disaster fund? What has happened to it and how much money is currently in it? I know it is not administered by the minister's recollection, but the minister is responsible for it. My recollection is that it had over \$30 million, rising monthly.

*Ms Ciccarello interjecting:*

**Mr BRINDAL:** The member for Norwood asks what we did with it. The member for Norwood might be interested, and in his answer the minister might address this. It was very difficult to do anything with it because it was money that was just accumulating, and getting local government to agree with how to close off the fund or what should then happen to the money was always a problem. But the problem is that I cannot find it. Hopefully the minister will be able to tell me where it is, how much money is in it and what is happening to it.

**The Hon. R.J. McEWEN:** Yes, there is \$39.6 million in there as of 30 April 2003, and you will find that provision has been made in the 2003-04 budget to spend about \$1.12 million. There is a committee in place that deals with those expenditure items. So, yes, it is all in there.

**Mr BRINDAL:** Where?

**The CHAIRMAN:** Can you help, minister?

**The Hon. R.J. McEWEN:** I will find it for you, but I can tell you that the number you and I are both looking for is \$39.6 million.

**Mr BRINDAL:** What is the minister's plan for the future disbursement of that money to the local government sector? What you are saying is that, from the time of the Ash Wednesday bushfires, that money was put aside and built up to pay off the debt of the hills councils in respect of the Ash Wednesday bushfires. It is now put aside in terms of emergencies as they affect local government, and I know that the European wasp eradication program was paid for out of that. So I have a longer corporate memory than you, Mick, because it actually was.

**Mr PETROVSKI:** The disaster fund actually provided funds for the research project.

**Mr BRINDAL:** As you would appreciate minister, \$40 million sitting around doing nothing because we cannot

work out what to do with it is a lot more money. It is 20 years' budget for your department. What will happen to it? What plans does the minister have, and how can that money be released, either back into Treasury, if that is what the government decides, or to local government, rather than its just accumulating? It is reaching almost ridiculous proportions, especially given that local government is insured and a great number of disasters would be covered by local government insurance now, anyway.

**The Hon. R.J. McEWEN:** I am not sure whether the shadow minister is saying we do not need it any more. These funds are against a disaster. They are basically insurance policies. If the shadow minister is saying that we do not need an insurance policy of this nature any more, I am not saying that I disagree with him. I am quite happy to have that discussion with him. Until we have a discussion about any changes, it is business as normal. We know what is in the fund and we know what moneys will be available this year. We know how it is managed. No pressure has been put on me to make any changes to that.

**Mr BRINDAL:** The minister will acknowledge that the LGA has a very successful mutual liability scheme which is itself an insurance arrangement against disaster up to a certain level. Above that level, when you have a total disaster, the commonwealth government can generally be relied on to come in, because it exceeds the capacity of any state government. With the Ash Wednesday bushfires, we had no mutual liability scheme, and we therefore had the need to see that local government was covered and did not get bankrupted, because of things like the Ash Wednesday bushfires, which were the reason for this fund, and to pay off a debt the councils could not pay off. That has now happened—there is a mutual liability scheme. If it is a total disaster, the commonwealth will step in and \$40 million will not be adequate. The minister is the minister, and he will not get me saying what he should do with the money. However, he might get to understand that I would not mind having a conversation with him, because that money was in the form of a some sort of petrol excise or something. It is locked in, and it keeps building up no matter what we do. Perhaps it is out of time, out of date, and there are better uses for the money.

**The Hon. R.J. McEWEN:** At the appropriate time, I would be delighted to share not only the views but the experiences of the shadow minister. It is a legitimate discussion we should have. I thank him for the offer.

**Mr MEIER:** I refer to page 10.115. The fourth dot point reads 'monitor council's use of the rating provisions of the Local Government Act 1999'. Of particular concern to me is the variation in ratings between vacant and occupied land in some councils, where, if you buy a vacant block of land, you will be taxed at a significantly higher rate than the local government rate if you buy a house on a block of land. It might be one of the reasons why we have the current land shortage in many of our rural areas. What incentives are there for any developer to develop blocks of land and leave them idle—and in rural areas it takes some years to sell them—when you are being charged a much higher rate in the dollar for your local government rates than if you had a house on them? Is this part of the minister's proposal to have this matter further looked at with respective local governments, or does he regard them as independent in the way they determine their rating provisions?

**The Hon. R.J. McEWEN:** The member for Goyder understands the act and how the rating provisions work. The specific matter he brings to my attention comes as quite a

surprise. I am happy to look into it. I would not have thought it was possible to have a different rating provision for a developed and an undeveloped site next door to each other. I need to look at why that would be the case and get back to him.

**Mr MEIER:** As a supplementary question, I can give you hard evidence. One block has a house on it and, within a few hundred metres, another block without a house built on it is rated differently. It is unfair, to tell you the truth. It is not helping developers or people who want to buy a block of land for later. It is happening all right. In relation to the amalgamation of councils, when the major amalgamations occurred some seven years ago I remember that one of the key reasons put forward was the savings that would occur. Has the minister any information that can be provided to this committee as to the savings that have occurred—if there have been any—or have the savings been in greater efficiencies with respect to planning or the like?

**The Hon. R.J. McEWEN:** This is not dissimilar to a question I was asked without notice in the house late last year by the member for Schubert. It was really about whether or not that recommendation of Anderson—the MAG report—had followed through on benchmarking before and after. The answer is that there are no specific data that look at like with like, because things are ever changing. Are councils becoming more efficient and effective over time? The answer to that is 'Yes.' Has that been as a consequence of amalgamations? In some cases, yes. However, you can get tangled up here, because you can find that the critical mass in terms of policy setting may be different from the critical mass in terms of service delivery. As you get bigger, to give a better forum for policy setting, you can build some inefficiencies into the system in terms of service delivery. It is my view that we should live with what we have now. From time to time, councils should delegate up in terms of policy rather than trying to bulk up and then find another way to deliver services underneath. There are times when they should identify that they are setting policy as a group of councils or as a region—or perhaps even as the whole of Adelaide within the urban growth boundary in terms of some policy areas. That cannot be measured in dollar terms.

To make better policy, it is not just a matter of looking at a balance sheet and saying, 'Yes, we have got better quality outcomes because of amalgamations.' So, as much as I do not think there is some specific data, it may not be possible to achieve specific data, because the quality of services and efficiencies could have improved so that could mean better services. It is not as simple as it would seem on the surface. As we go forward, we should be putting more pressure on the family of local government to explore the best possible mechanisms to make decisions not only as individuals but as collections of councils, depending upon the focus for the particular policy. I described that in my opening remarks in terms of seeing the Local Government Association as a peak body and asking it, in turn, where it thinks is the most appropriate place for policy debate to occur. Is it across all councils? Sometimes it is across a group of councils; sometimes it might be an urban issue. Let us identify the appropriate group of people on which the policy debate will impact and engage them in the debate.

**Mr MEIER:** My third question relates to point 5, 'Identify the impact of state funds transferred to local government'. The minister happens to be the Minister for Regional Development, as well, and the minister is well aware of the importance and work of regional development



boards. At the same time, the minister is probably aware that many local governments, perhaps all in regional areas, undertake regional development themselves. To what extent do state funds go to local government for regional development? Are these, in a sense, additional funds compared to state funds that would go to regional development through the regional development boards?

**The Hon. R.J. McEWEN:** The member has a specific reason for asking this question, which I do not think we will explore now. The short answer to his question is: no, we do not give money to individual councils. We have a partnership arrangement with the family of local government on a 3 for 1 basis. We fund regional development boards for those councils that wish to participate in those boards. Councils do not have to participate in those boards. Sadly, they lose out in terms of supporting their communities, if they do not, but economic development can be achieved in many different ways. They do not have to participate but, if they do not, they get money in some other way, not directly. That does not mean that like any other council or group of councils they cannot seek funds under the Regional Development Infrastructure Fund or specific moneys that are available for particular projects.

However, the appropriate vehicle for the state and local government, in partnership, to encourage and support regional development is the regional development boards—14 of them. One of the EDB's recommendations is to have another look at regional development boards. We will talk about that a little later today, because that is more a regional development issue than a local government issue, although I acknowledge that local government is a valued partner in that process.

**Mr BRINDAL:** I refer to Budget Paper 4, Volume 3 (page 10.115). One of the objects of the minister's local government forum is to find innovative solutions for issues of strategic importance to state government and local government. Planning issues rightfully belong to the minister for planning, but they impact directly on local government. So, local government is the facilitating authority in respect of planning issues and is responsible for some of the infrastructure. I refer specifically to stormwater and the dilemma that results in councils that have fixed boundaries. They might be small councils, and the only way of raising their revenue base, other than by putting up individual rates, is through urban consolidation and increasing population density.

The Development Act requires, as the minister would know, councils to be mindful in their supplementary development plans and in their approvals of the impacts on infrastructure. I think it is clear from the work which I think the minister has commissioned, and which certainly has come up in the local government forum, that one of the areas in which this has been sadly neglected by many councils is any consideration of urban run-off. We have seen in lots of council areas urban infill—the areas that once had fruit trees and backyards and are now completely paved, and there is 100 per cent run-off. The electorates of the member for West Torrens and I are suffering severe flooding as a result.

My question comes back to the fact that councils are put in the invidious position in some ways of having a rightful place in developing a development plan for the area and putting in supplementary plans, but they have then asked—albeit by a slightly separate mechanism—to be the umpire and to approve their own plans. I am mindful of one spectacular example in the Unley council. Having approved the very

plan according to which the planners now said that they must allow this development, one of the councillors stood up and said, 'I don't care what we decided previously; I don't care what the law is; if it comes to a choice between the laws and my electors, I will stick up for the electors all the time.'

This example highlights the dilemma. They will make a plan and think it through, but then a development application will come in and there is the much more practical consideration of what do the people down the street think about it and what does this mean in terms of council revenue. So, I see them as having a dilemma. There is a dilemma for the member for West Torrens and there is a dilemma for me because some of those decisions impact on local government because they cause problems with flooding and infrastructure overload in some areas.

I ask the minister what the government's view of this is, because this matter affects both tiers of government, and what does he see as the way forward for addressing issues such as urban consolidation, not to stop them but to get them thought through perhaps in a more orderly and incremental way than is currently the case?

**The Hon. R.J. McEWEN:** Again, this is a question hanging on the end of a statement. I will deal with that part of the question for which I have some responsibility—and that is certainly not planning. The planning minister is doing a lot of work this year and, at the appropriate time, could brief the shadow minister on what is happening in planning. I am surprised that the shadow minister was prepared to go down the stormwater path, because it was he who devastated that fund and got enormous criticism at the time. We have put \$16 million over four years back into that fund. To give credit where it is due, we have been able to battle Treasury and get resources back into that fund, whereas the shadow minister was not capable of doing that.

Where do we go from here? The valuable point that the shadow minister makes is that this is all so intertwined that we need a ministerial forum, because it is cost jurisdictional in terms of the silos that governments tend to construct to deal with business. There are housing, planning and local government relations issues all tangled up with stormwater. At the moment, the metro CEOs' group is working with officers within my department and the LGA to find the best way to use the limited resources that are available. This has already been referred to the forum, and the forum has sent a subcommittee away to do more work on it. We need to have a view in the short term and the long term. I acknowledge the point that the shadow minister makes about the complexity of this, but I think we now have the right players around the table to progress it.

Over the next little while, I think we will see some considerable success, not only in spending the money that is available now but as part of a plan to which everyone subscribes, which means taking the local councils and the local tensions around boundaries out of it. This is bigger than individual councils. We need to step back. This is this delegating up that I was talking about. We need to identify all the key stakeholders who (directly or indirectly) are part of the problem and get them to find a shared solution. This is what I see happening, and this is what I see the metro CEOs doing in the first instance. We then need to manage that and bring it back to the ministerial forum.

**Mr BRINDAL:** Before I ask my next question, it needs to be placed on the record that I was responsible for halving the stormwater subsidy scheme. I am proud to have done that, because local government was abusing it and putting no

money into it at all. As a result, the LGA and the minister's department worked together to come up with a new scheme whereby local government is now putting in 50 per cent of the funds and the scheme is much enhanced. I do not see any point in paying for little drains on the corner of tinpot reserves when the whole of the Sturt Creek—

*Mr Koutsantonis interjecting:*

**Mr BRINDAL:** That is what was happening under the old scheme.

*Members interjecting:*

**Mr BRINDAL:** I will. I acknowledge that what has happened now is a much better scheme. That is what was intended at the beginning. It was cut so that local government would come to the table. It has, and there is now a 50-50 scheme which I think has about \$10 million in it, if my memory serves me right. It is a much better scheme, which has been improved and enhanced.

I understand that you are still the minister to whom the City of Adelaide Act is committed and that you have a direct responsibility under that act for aspects of its administration. What is the current status of the review into the parklands, because the parklands are under the care, custody and control of the City of Adelaide and are mentioned in the City of Adelaide Act? I want to know what the status of that parklands review is and whether as the minister responsible for that act the minister will defend in the cabinet the City of Adelaide's historical and traditional right to the care, custody and control of those parklands, or whether he believes they should be taken away from them and that they should be moved to another governing authority. If that is the case, how will that authority be funded?

**The Hon. R.J. McEWEN:** I am happy to take that question on notice and refer it to minister Hill, who is managing that process at the moment.

**Mr BRINDAL:** I am struggling to find a question that the minister can actually answer. How many full-time equivalent public service positions will be lost or gained in the minister's portfolio in the next financial year?

**The Hon. R.J. McEWEN:** I will check that, but I think the answer is 'none'. We are changing some roles and functions a little but, along with arguing over some cost savings with the Treasurer, equally we were able to argue for some new initiatives, and basically one balanced with the other. That is where we talk about the improvement in working more closely with local government. The work force summary shows a reduction of .2, so obviously somebody is not turning up on Mondays; I will need to speak to them about that.

**Mr BRINDAL:** I refer to the minister's accountability to the parliament. We have already discussed the local government disaster scheme and he has kindly given me a figure of \$39.6 million. He has mentioned the stormwater subsidy scheme and a number of other schemes. As he is the Minister for Local Government why, for the first time this year, do those funds not appear anywhere in the statements of incomes and expenditure for the Office of Local Government? Does he remain the minister responsible for these funds or have they been taken off him and are now being administered by the Treasurer? They certainly do not appear under any of the local government lines. My understanding is that the minister is responsible only for such lines as he brings into parliament. I want to know whether he remains accountable for local government functions in their entirety or whether this is another thing the Treasurer has whisked off him in the same

way as the Treasurer has whisked powers off every other minister I can find.

*Ms Ciccarello interjecting:*

**Mr BRINDAL:** It's true; he's a megalomaniac Treasurer.

**The Hon. R.J. McEWEN:** I think we would all like to take up your suggestion and call a halt to this, because we are recycling questions now. The last time you asked me this question about where it appeared and why, I indicated that I did not know, that I would find out and that I would get back to you as quickly as possible. The answer remains the same. The question was couched in slightly different words, but its intent was the same. I can guarantee to you that the answer remains the same. I will get back to you. I agree with you; I do not know where it sits and I will let you know.

**Mr BRINDAL:** I know what the minister is saying, but I am not just doing that, because along with the stormwater fund I have suddenly realised that there are a number of them. I will not sit and bore you by trying to work them out, but when I go away I will ring and tell you that I think a number of funds are no longer in your portfolio lines. They are those sorts of funds: they are things that traditionally the minister was responsible for rather than those for which you sit writing out cheques. That is why the question changed a bit.

**Mrs HALL:** I direct the minister to 4.16 under 'Specific purpose payments from state to local government'. I wonder whether the minister could give us some information and maybe some time lines on one in particular, and that is the European wasp program. As you know, it was always a very active, sometimes controversial and often colourful public debate, but it is clearly a very important problem, specifically through the Adelaide Hills areas. I know we are in the middle of winter at the moment. I note that no funding is listed for 2003-04 but that it provides that future budget allocations for this program are currently under consideration. What sort of money are we looking at and when are we likely to have an amount released?

**The Hon. R.J. McEWEN:** In bringing to our attention 4.16 the member for Morialta was answering the previous question from the shadow minister. The member would note that all the money across all the agencies is listed there. Thank you not only for bringing that to my attention but also for allowing me to bring it to the shadow minister's attention again. With respect to the wasp program, councils have been subsidised after the event, so \$70 000 has been allocated there. At this stage there is no intention or money in the budget to subsidise next summer. If we were to subsidise next summer, a decision would have to be made by about October, although the moneys themselves may not be required until the next budget. But you are right; the money sitting there now is moneys that will be paid out from last summer's expenditure and the subsidies have accrued. We will have this discussion and local government will need to know by about October as to where it stands and whether or not there will be some support for their program over the next summer. I will have that discussion with the appropriate agencies. I have no idea where that will end up. You are absolutely right; at this stage, until a decision is made to the contrary, councils would rightly say that no subsidies will be made before next summer.

**Mrs HALL:** I have no doubt the minister will be utterly vigilant on this question, particularly as it relates to the area encompassed by the Adelaide Hills. Again I refer the minister to 4.16 under the heading of 'Justice: local crime prevention program'. The minister would be well aware that last year there was a great deal of controversy and concern over the

government's decision to cut money to local government areas for local crime prevention programs. I am sure the minister listened attentively during the numerous debates in the assembly about individual programs that were cut. Will the minister give us any information about ongoing discussions or negotiations with local councils on local crime prevention programs for this year, given that I note that the cut from last year has been maintained? With \$600 000 being allocated in last year's budget and no increase this year, one can only presume from that that there has been no increase across the board for these local programs. Will the minister tell us what he will do in his capacity to put some more money into those local government crime prevention programs, which we know are so important to this government—which uses its mantra about how tough it is on law and order but which sometimes does not put out any money to match what it says?

**The Hon. R.J. McEWEN:** One of the quaint things about politics is that, depending upon which side of the fence you are operating from at the time, you describe exactly the same set of circumstances with entirely different language. From one side of the fence one would say that the cuts have been maintained, but from the other side of the fence one would say that last year's funding has been maintained. You would note from the budget that last year's funding of \$600 000 has been maintained, so it is steady as she goes. The debate was not had with me, and nor should it have been, in relation to last year's funding; I presume that it has now been dealt with. We now know that that is the level of funding in the budget for the next 12 months, and I am sure that at the appropriate time the Attorney will again be engaged in the debate as to whether or not it is an appropriate level of funding.

**Mrs HALL:** The minister is defending his position, given that it caused a great deal of angst and concern in so many areas of local government. I accept what the minister has said, but the fact that the savage cuts of last year have been maintained and not one dollar of increase has been put into this budget I find quite extraordinary.

I refer to page 10.115 under 'Targets for 2003-04' and, in particular, 'establish partnerships to address infrastructure needs in outback areas' and 'improve the capacity of outback communities for self-management and local leadership'. I know that in his opening remarks the minister talked about these outback areas covering around 85 per cent of South Australia. The minister would know that I have a very passionate interest in outback facilities and infrastructure. Will the minister take us through some of the issues to which he referred? Who will be involved in these partnerships? Will the minister give me, for example, a commitment that tourism industry stakeholders will be involved?

Will the minister tease out what sort of costing we are talking about? Is there a formal process for the evolution of these partnerships and their establishment? My memory tells me that there were some fantastic operating partnerships across the outback areas of this state. Many of them have a very significant list of achievements certainly over their budget years of 1999 through to about 2001 because so much outback infrastructure was involved, first, in the cattle drive and, secondly, the eclipse of the sun and a whole range of other activities. Will the minister pursue this and provide some information?

**The Hon. R.J. McEWEN:** The member for Morialta is absolutely right and she has experienced first-hand how so many outback communities do so much with so little. Their requests at the best of times are particularly modest. It is the very nature of some of our outback communities that they are

so self-reliant but, in relation to whether they engage other parties, the answer is yes. Obviously the outback areas trust works very closely with local communities and with their little leadership groups, sometimes quite formally and sometimes quite informally. Sometimes the meetings might be held in the pub and sometimes they might be held at a convenient location in town and either outside or inside. That is the nature of the trust. What it then does is explore with the local communities every possible avenue to gather together resources to complete a project. That can include state and federal agencies. The member is right in saying that tourism is very much part of that.

For example, a toilet block, which is needed by the locals to serve some sporting event but which equally is a stopping off point in the town for tourist buses, and they need these facilities. Everyone gets their heads together and says, 'Look, this is something we need in this little community. Let us find the most imaginative way possible to deal with it.' No-one can stop communities doing that, anyway. They are smart enough to find every single way they can to skin a cat, and that is one of the great things about them. Would we discourage that? Certainly not. Even some of the discussions we have had with community cabinet have been around little progress associations and other groups with a number of badges just saying that we are taking the leadership role in terms of our community. The things for which they ask are so modest indeed and they will explore all sorts of options to achieve their objective.

Obviously some of this money is federal, that is, some support money for the state to run the outback areas trust and to attract some money through that, but equally we can then bulk that up. It might have a regional development focus or a tourism focus and it could be state or federal. As the member knows through working with them, they are very imaginative in terms of solving problems and I would hate to see a bureaucracy get in the way of that. The trust is great. It is made up of people who care, that is, people who live and work in our outback communities. They have found solutions not only for their own businesses but for their little communities. They are very imaginative and inventive in terms of solving problems and we would never want to try to hold them back.

**Mrs HALL:** I am not suggesting for one second that the minister should try to hold them back—far from it. I am sure the minister is well aware of the enormous concerns at the moment across outback South Australia as a result of the cuts to road funding and the difficulties that that is now starting to cause a number of tourism areas and a number of small communities. I am sure the minister would recall a couple of years ago, when we had water in Lake Eyre, that the third busiest airstrip in this state was William Creek. For about five months of the year a plane was either taking off or landing every 15 minutes. One of the problems that that caused was the need for an ablution block. I recall it very well because the outback areas trust (which did not have much money) approached the tourism commission to have an ablution block built because of the extraordinary number of tourists.

What I am particularly concerned about for this year and the future is the road funding cuts to many of these outback areas. Given that the minister has established partnerships to address infrastructure needs in outback areas, far from asking him to interfere, I am asking whether he might be optimistic and approach some of his colleagues for more money for outback South Australia, because it will be a huge problem for outback South Australia unless something is done. I can

give the minister a specific example of at least one hire car company that will not rent cars that are to be driven in outback areas because of the condition of our roads. Inevitably, the outback areas groups will have far more responsibility put upon them and I am wondering whether the minister can find them some extra money. I do not want him to interfere; I just want him to get some more money because they do such a great job.

**The Hon. R.J. McEWEN:** I am sure that this question will be asked of the appropriate minister tomorrow in terms of the road funding. Yes, this is a shared responsibility. Obviously, this is a challenge that the Minister for Tourism, the Minister for Transport and I will have to explore together. There is a more fundamental debate, of course; that is, whether it reaches the point that public moneys are subsidising private business. We have this debate about public-private good quite often, and I am not suggesting that there is not a public-private good—

*Mrs Hall interjecting:*

**The Hon. R.J. McEWEN:** I used that as an example where I thought it was most appropriate. Of course, in relation to some of the road infrastructure money, we can have the debate about public-private good. There are times when something would be great to do but it does not make commercial sense. We have to come at it from a number of angles. However, the more general point which the member for Morialta makes is very valuable, that is, if we look at all these issues within silos, we will not get anywhere. Ask the minister tomorrow about the money. I will not give her any money, but I am sure she will tackle the Minister for Transport tomorrow on that matter.

**Mrs HALL:** My question again relates to targets for 2003-04 on page 10.115, that is, 'support adoption of service agreements between local government bodies and Aboriginal communities'. Would the minister provide some information specifically about the Aboriginal communities? Again I specifically refer to some of the Aboriginal communities in outback areas of South Australia, many of whom have done tremendous things in terms of establishing tourism facilities and tourism product. The dilemma is getting visitors, coaches, into some of those communities to take advantage of the enormous interest internationally in the Aboriginal communities of this country and some of the product—very innovative product, I might say—being developed. Again they are having great difficulty because of funding cuts, particularly to roads.

**The Hon. R.J. McEWEN:** In relation to whether I know much at this stage about the small project teams that have been set up as part of this initiative, the answer is no. It is obviously an initiative in this year's budget. Project teams are in place and I am advised that the City Council of Port Augusta, Ceduna, Yorke Peninsula, the Copper Coast and Coober Pedy are all involved. I am happy to find out more about the project teams and the membership of them and provide that information to the member.

**The CHAIRMAN:** No early lunch, member for Unley?

**Mr BRINDAL:** Well, if I can get through these questions, which I must read into the record. I suggest that next year we change standing orders so that omnibus questions can be tabled, because it wastes the same amount of time every day. At the risk of being asked to re-state a question, what the member for Morialta raises is another example of issues I have raised previously. On the local government roads funding, which you have referred to the Minister for Transport, I am fairly sure Carol Proctor could assist you because

there was a board or body that looked at this. I understood it was under the auspices of the Minister for Local Government, not the Minister for Transport. I know it was a matter of rigorous discussion at the Australian Local Government Association. I know it was a matter I had to take up on several occasions in ministerial councils, and one that Carol Proctor took up as well. I am not asking a question. I am referring that to you as being yet another fund over which you no longer have direct ownership or control and over which, I think, previously there has been ownership and control. I am sure Carol Proctor can help you with that.

**The Hon. R.J. McEWEN:** The sooner we can find that fund, the better. It does not exist.

**Mr BRINDAL:** Well, you will not find much in it because the feds do not give us enough.

**The Hon. R.J. McEWEN:** The honourable member has now made the most important point all morning, and I made a similar comment in my opening remarks. It is nothing at all to do with the state government. This is about the unfair and unjust treatment we get in terms of horizontal fiscal equalisation—and the shadow minister is absolutely right. I think that is the fund about which he is talking, as well. He ought to talk to his federal colleagues. It is important that we get our federal ministers batting more strongly on our behalf in relation to the shameful treatment we get out of these grants. That is the money he is talking about. He is absolutely right, but he is pointing his finger in the wrong direction.

**Mr BRINDAL:** I am asking about responsibility in this place and to clarify the record.

**The Hon. R.J. McEWEN:** We manage the grants commission. He knows we manage the grants commission. He knows this is not about our management of the grants commission. This is about moneys that come to us from the federal government, tied and untied, that go into that. He knows damned well where the money is and he knows how much is in there—and he knows it is not our responsibility.

**Mr BRINDAL:** I agree, but in order to clarify the record I point out to the minister that I raised it on a number of occasions when I was minister. The then ALGA raised it on a number of occasions when I was minister. The then Premier of South Australia, John Olsen, took it up with the Prime Minister as a matter for the heads of governments. Prior to you, minister, I think this government has taken it up at least once and the answer has unequivocally come back. I doubt whether it would change under a Labor federal government. Basically, it translates to the fact that we have 12 members in the House of Representatives in South Australia—

**Mrs HALL:** Soon to be 11.

**Mr BRINDAL:** Soon to be 11. They say: 'Why would we ever take money off Queensland, New South Wales and Victoria—that do matter—to give it to a state that does not matter?' You are unjustly treated by all means possible—

**The Hon. R.J. McEWEN:** We.

**Mr BRINDAL:** Yes, we acknowledge that. I am talking about what the federal government says to us.

*Mr Rau interjecting:*

**Mr BRINDAL:** That is a very good question—and they are not all Liberal senators.

**Mr RAU:** You have six of them.

**Mr BRINDAL:** I will run out of time. Minister, it is no new thing. It is something which we did not accomplish and which we back you to accomplish.

**The Hon. R.J. McEWEN:** If the honourable member looks at 4.1.14 for a minute, everything he said is in my opening remarks. It is well set out there. You do not need

more than that diagram to make a powerful point. I will be delighted with any help you can give me. As I indicated, we had these discussions with Wilson Tuckey when he was over here. He said to me that it had nothing to do with unfairness; it was all to do with the fact that areas of South Australia are not within the Local Government Act. He made some reflections on the outback areas trust, which were completely and utterly wrong. When John Anderson was here last year, we met with the then President of the Local Government Association, and he admitted to her that it was wrong and that he felt it was unfair and unjust.

He used other programs, for example, the roads to recovery program, where a more equitable formula—not a totally fair formula—was used. He also indicated that Stuart St Clair in his office would take up the matter with us. I then corresponded with Stuart St Clair on a couple of occasions. He eventually sent me back to Wilson Tuckey. After we met with Wilson Tuckey, I wrote back to him saying that the meeting with Wilson Tuckey achieved absolutely nothing. I asked him again to take up the matter. It is now back with John Anderson. It will go around and around until someone stands up federally and says that it must be fixed—not blaming all the other states and saying, ‘That’s the jurisdiction and you will never get any help.’ Someone must say, ‘Let’s at least admit it’s wrong and fix it.’

**Mr BRINDAL:** Good luck. How many reviews took place in the departments and agencies reporting to the minister under these budget lines for the 2002-03 period? 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 in the 2003-04 period? If so, who is to conduct these reviews and how much has been budgeted? I presume you want to take these questions on notice. I will just read them, minister, and if you want to answer any, please do so. 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, other bodies or the public and/or research services? Who carried out these consultancies or provided those services? How much did they cost the taxpayer? Has the government budgeted for consultancies in this form, or for services as outlined in my previous question, in any of the departments or agencies reporting to the minister in the 2003-04 period? If so, whom does the minister anticipate will conduct these consultancies or provide these services? How much will they cost the taxpayer? Could the minister please provide this information to the committee.

What percentage of the government’s total underspending specifically related to departments and agencies reporting to the minister? I realise that with such a small budget line the answer is possibly zero. Was there any carryover to the 2003-04 period, with particular reference to any minor or major capital works. Again, that is probably allied with small matters. Would 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 a year or greater. Furthermore, would the minister advise the committee by how many positions this number has increased with respect to the last financial year? Given the merging of government departments and the resulting changes—and in the minister’s case I think this is relevant—what is the dollar value of these

changes in all agencies and departments reporting to the minister?

Since the charter of budget honesty is still not in place, despite government promises at the last election, will the minister outline how such a charter might affect the local government portfolio in the 2003-04 financial year? It strikes me as being very difficult to answer for a charter that is not in place against the budget that is in place. Will the minister reveal to the committee exactly what percentage of the government’s new taxes and increased charges, if any, will be spent in the local government portfolio? If he can say, what will be the impact of the increased taxes and charges on the local government sector generally? Have any efficiency savings taken place within departments or agencies reporting to the minister? Will the minister inform the committee how these changes in efficiency will deliver better government outcomes? Will the minister advise the committee which programs, if any, have been slashed in his portfolio areas?

**The Hon. R.J. McEWEN:** None.

**Mr BRINDAL:** Does the minister have any commercial entities, semi-government or arm’s length entities within the local government portfolio? If so, what were their financial performance outcomes for the 2002-03 year? For all departments and agencies reporting to the minister, are there any examples since March 2002 where federal funds have not been received in South Australia or will not be received during the forward estimates period because the state government has not been prepared to provide state funds for the federal/state agreement? If the answer is yes, what is the level of federal funding that has been lost or will be lost?

Did all departments and agencies reporting to the minister meet all budget savings targets for the 2002-03 year set for them in last year’s budget? If not, what were the specific proposed project or program cuts that were not implemented? I note that the minister’s departmental portfolio budget blew out by something like \$200 000 last year, so presumably there is an answer in that question. For each department or agency reporting to the minister, how many surplus employees are there? For each surplus employee, what is the title and classification of that employee and the TEC of the employee?

In the financial year 2002, for all departments and agencies reporting to the minister what underspending on projects and programs was not approved for carry-over by cabinet from the 2002-03 year? For all departments and agencies reporting to the minister, what is the estimated level of under-expenditure for the 2002-03 year, and has cabinet approved any carry-over in that expenditure? If the minister wants to put it with the other questions, I point out that in the financial performance statement of the 2002-03 year the state government budgeted for his department \$2.576 million for appropriation. The result is estimated to have been \$2.704 million, which is an overspend of 5 per cent. That blends in with the other questions. Since we have a minute or so available, can the minister explain to the committee whether the City of Adelaide Committee is still functioning, and I presume it is; whether it is successful; and, generally, how it is going?

**The Hon. R.J. McEWEN:** In the 30 seconds that I have left, no, I cannot but I am happy to get back to the shadow minister on that.

**The CHAIRMAN:** There being no further questions, I declare the examination of the vote completed.

*[Sitting suspended from 12.59 to 2 p.m.]*

Department for Business, Manufacturing and Trade,  
\$103 670 000.

Administered Items for the Department for Business,  
Manufacturing and Trade, \$2 538 000.

#### **Membership:**

The Hon. R.G. Kerin substituted for Mr Brindal.

#### **Additional Departmental Advisers**

Mr M. Krasowski, Financial Controller, Department for Business, Manufacturing and Trade.

Mr K. O'Callaghan, Acting Chief Executive, Department for Business, Manufacturing and Trade.

Ms E. Bensted, Executive Director, Corporate Management, Department for Business, Manufacturing and Trade.

Ms J. Lowe, Director, Regional Policy, Office of Regional Affairs, Department for Business, Manufacturing and Trade.

**The CHAIRMAN:** I declare the proposed payments open for examination and refer members to appendix D, page 2 in the Budget Statement and part 2, Volume 1, pages 2.12 to 2.34 of the Portfolio Statement. Minister, are there any issues that you and the leader need to sort out about any subdivision of the portfolio this afternoon? I think we would all be pleased if the opposition were to tell us that they had decided to forgo the dinner break, but are there any other issues about the subdivision of those areas?

**The Hon. R.G. KERIN:** We will do Regional Development first.

**The CHAIRMAN:** Regional development first, in case the minister did not hear. Can I interpret all the nodding and shaking of heads to mean that we are going to proceed through and dispatch Forestry from 6.15 p.m. to 6.45 p.m. and then conclude?

**The Hon. R.J. McEWEN:** If we have not concluded before then.

**The CHAIRMAN:** Does that meet with the agreement of the Leader of the Opposition (because I note there may be some changes of personnel required, or desired, by the opposition)? For the moment then, we are hopeful of that timetable. Does the minister wish to make an opening statement?

**The Hon. R.J. McEWEN:** It would be useful to make a few observations because this has been such a fluid area. Of course, it has all been around the EDB and the Office of Economic Development which, in turn, has had an enormous impact on BMT—not only in the past 12 months—some positive, some negative. It has been a very difficult environment in the past 12 months for the staff of BMT, and not everyone responds in the same way to that kind of uncertainty, which is human nature. It has been a difficult time and even looking ahead, over the next 12 months there is not a lot of certainty around. There is certainty that there will be plenty of change, but there is no certainty around exactly how that is going to pan out or even who might be implementing it. So when we look at the budget for the next 12 months it is important to realise that it will be reasonably fluid, particularly as the government responds to the 72 recommendations we have on the table that came out of EDB's process leading up to the growth summit.

That is a report, if you like—a series of recommendations after quite an exhaustive process, including identification of building blocks, the writing of pathfinder papers, round tables, regional forums and the growth summit. We are now in the phase of the government responding to those recom-

mendations; a phase not dissimilar to the process that the leader conducted when we reviewed regional development in South Australia.

He finalised that process by actually receiving a report from the Bastian committee and then, importantly, putting out a government response that said, 'Thank you for the report, here is where we are now going.' The challenge in this response will not only be how we see the 72 recommendations but, importantly, what action we intend to take on each and every one of them. It is now important to give back to the community that participated in that process some certainty around what we intend to do with it. That has been the environment that we have been working in, and will continue to work in.

When you look at our budget some of it might look like it has disappeared, but it will reappear somewhere else—it will actually be in the Office of Economic Development. For example, I think you will find that 41 FTEs will actually appear under OED. The point is that you now have to actually look at the OED and mirror that to BMT when you try to get a collective view of what the government is doing. You will see things like that even around IIAF. You will see that there is some lessening of resources in that area but you will need to then look at other initiatives like venture capital boards and some of the other projects. So, you need to look at both sides of it.

I could just run through a few other things to assist. Of the regional development boards, 14 of them have gone through the review process and have their new contracts in place. There is a little bit of fine tuning. One thing we did not do was re-fund the North Adelaide Regional Development Board in its present form. We have pulled together now a number of agencies there. To my mind, it is within the urban growth boundary anyway and did not sit as the other regional development boards did with a quite clear geographical focus for regional South Australia.

The only other thing we have done is ask Kangaroo Island to have another look at some of its governance arrangements, as much as we will continue to support it, and it is important that we support a regional development board on Kangaroo Island. What we tend to find there is the same people who appear a number of times doing different jobs when they could collectively focus not only on local government but regional development, natural resource management and tourism in a more coordinated way. We do expect a lot of the leadership team on Kangaroo Island and I have just asked them whether they would like to explore other arrangements, to use their time better—no more or less than that. I certainly discussed that with the deputy leader, with Ian Gilfillan and with other people who know the island well.

The export and trade offices side of it always comes up and, again, the EDB had a look at that and actually shifted some ground between the early position and the final report, because it received a lot of feedback from business in South Australia that those offices were valuable—particularly Dubai, Shanghai, Hong Kong and the Singapore offices; and, in the case of China, with outstations in China, or in Singapore's case, in KL. But what we are trying to do, in making those offices even more efficient and effective, is marry them even more closely to the broader thrust of Austrade. As a state, wherever possible we should be complementing what our national government is doing and finding closer ways to work together. We should never be in competition with each other; that would just be duplication and a waste of resources.

While that is going on and we are managing that team from here, the only one in mind that we need to have a slightly different look at at this stage is our New York office, only because it has not functioned like the others in terms of just being the other face of exporters, if you like, or the market face rather than the production face. New York has tended to have a much more specific focus in terms of attracting capital investment, and we need to have another look at how that is working and whether that will be successful, for a number of reasons. One of them is just the changing value of the dollar. This is going to mean that those markets are ever-changing.

On the other side of that is Severn, with a number of export-ready initiatives. There is no point in finding markets if you have not got a product, and it is amazing that we have often gone into markets too soon. We did not have the capability or the capacity to actually service those markets before we went and sold our product. So, equally, we have to make sure that we have a total package here, not only production but logistics as well as marketing support. Around that, it is a matter of trying to shift money away from individual companies to supporting networks of companies, or clusters, so that we are actually seeing that our dollar is used in terms of sectors rather than individuals.

I think that one of the messages that came out of the summit was that, sometimes if you assist an individual company, you are actually cross-subsidising the expenses of its own competition. Some companies say, 'Look, hold on. It is actually our money you are giving now to assist one of our competitors.' We need to just make sure that we are spending this money in a way that grows capacity and capability for all of us rather than singling some of us out at the expense of others. I have had that message a number of times from industry groups and industry associations that say, 'Just step back one step in helping individuals'. Sometimes there is a reason why you would, but in general we need to put in resources to grow the sector. That might be around infrastructure, it might be around training, it might be around access to capital, or it could be a whole lot of things, but at least give the sector the support. This means that the next task for the EDB, which is part of that, is to write some foundation papers around future opportunities. So, we will take the generic stuff the EDB has written and now say this is how you apply it to some particular sectors.

A couple of other issues I think we ought to mention is around population, skills migration and business migration. Obviously, the state has identified that it needs to grow its population. That does a number of things, of course. It actually grows a market, but equally it grows some capacity and capability, and that has been one of our weaker points that has been identified out of the growth summit and other forums. So, we do need to put some extra effort into that.

Equally, I think we need to make sure that we have the support mechanisms in place for small business. We are not a big business state; we are a small business state. People talk about SMEs—small and medium size enterprises—but they sometimes tend to forget the minis and the micros. A lot of family enterprises and very small enterprises are at the small business end, and we need to also keep them in mind because a lot of our growth will come from them. Equally, it is interesting to say that, as much as we talk about growth coming out of our SMEs, a lot of them do not have the same plans for their own small businesses that we have generically for them. We say that they should grow and out of that create the wealth, but some of them say that they do not want to

grow and, even if they do want to grow, they do not have the tools to grow.

If they do grow, a lot of them want to grow with debt rather than equity, and that is a very slow way to grow. So we do have to talk more closely and support more closely our SMEs and work with them in terms of growth strategies. That is what our collective vision is all about. There is no point in us saying they want to grow if they do not want to grow themselves. Other than that, I think that in closing my opening remarks all I would say is that we do need to be redefining over the next 12 months where we are going. Part of that will be responding to Mr de Crespigny's report, that bit of it that BMT will be accountable for. Equally we will be responding to other initiatives that had already come out of that. Obviously included in that now is the whole infrastructure area that minister Conlon has picked up. Again, it is an issue that has come out of that which will have an impact directly and indirectly on BMT, and we have not worked through all of that yet—whether we shift some resources over or whether they buy resources out of us, or a combination of both.

There is a bit more uncertainty to come. In the next couple of days I am hoping to be able to confirm the announcement of a new chief executive. An offer has been made. Unfortunately, the process has been long and tortuous, and that has been unsettling to the management team that had to fall into the breach, and I compliment it on the job it has done. An offer has been made, and I hope that will be accepted in the next week or so, so that we will have in place the senior management team to manage this change. It is uncertain and destabilising enough without having the management team there to get on with the job.

**The CHAIRMAN:** Leader of the Opposition, do you wish to make an opening statement?

**The Hon. R.G. KERIN:** Yes, Madam Chair. I agree with most of what the minister has said, and I wish him well in convincing the Treasurer and his colleagues on a lot of these issues. While on the surface we can have a bipartisan approach—and I know the minister understands regional South Australia quite well—it is a matter of where the regions sit as a priority for the government as to how much we are willing to back that action with budget allocations, and it is the same in every state. It is good to have a small, separate section for regional development within the estimates. One thing that still is not well understood by the average South Australian is just how important the regions are to everything that happens to the state.

There is significance in economic development. There is no doubt that, in the last five or six years in particular, we have seen a lot of growth in this economy. That has been well and truly fuelled by the money that has come in through exports. That is the funnel that has poured the money in. If we had not seen exports grow from 3 point whatever to 9 point whatever, we would not have the property values we have at present or the amount of other economic activity. There is no doubt that that has been fuelled by exports. If you look at where those exports have come from, you see that it is largely out of the regional areas. A large amount of the growth in exports that has occurred has come from regional areas to the extent that we are about twice as reliant on exports from regional areas than other states.

In my opinion, there is not a lot of emphasis on regional areas within the EDB report. That is not necessarily a direct criticism of the report, because the report looks at the bigger picture issues. When we move to the next step of the state's

strategic plan, it will be really important for that plan to have a real focus on which industries we will grow and where we will grow them to achieve what we need to with the next step. I do not think the budget is particularly consistent with the sentiments of the summit. I asked the Premier the other day and he gave an assurance that they would try to have the state's strategic plan out by the end of this year. That is the next important step. At the moment, the EDB sets a scene. However, we really need to get on with the action and growth within the economy. That is very much the next step.

With the summit it was agreed wholeheartedly that the way we continue to grow South Australia and close that gap on the other states is to nearly triple exports over the next 10 years. That will take an enormous effort. If you look at the history of it, you will see that in the last 10 years we have tripled exports. You can say that, if we did it in the last 10, we can do it in the next 10 years. In 1993 we had industries that were pretty much under-performing. A lot of people were basically scared of exports in those days. We had high levels of unemployment in our regional areas which meant that there was a ready work force there. On top of that we had the scenario of having a lot of under-utilised infrastructure.

We should not walk away from the challenge of tripling exports as a goal. However, that challenge now is very different from what it was in 1993. We really need to identify which industries will give us that export growth and where that will happen. That will then identify just what some of those issues are. Some of the areas in which it is easiest to grow that extra production to give us those exports are areas where we are already facing housing shortages and, therefore, labour shortages. They are areas that have grown quickly over the last five to 10 years, and that has put stress on infrastructure, such as power, water, roads and a whole range of other infrastructure issues, in those areas. We can leave certain things to the private sector but there are some where government interference is well and truly needed. We need to strategically look at what the role of government is.

I agree with the minister that, in certain cases where we need major players to come into an area or the state to grow a particular industry as a cornerstone participant in that industry, the states should be focused on the general industry growth of a particular industry rather than backing winners. There are several ways that can be done, and some of those are to do with infrastructure. That is why funds like the regional development infrastructure fund need to be pretty strategic in the hope that you can get electricity into areas where it is currently not, and so on. There are ways of working together.

The Food Adelaide initiative of a few years ago is a classic case of where government really empowered industry to go out and help other companies. Strategically, the food industry could not have grown without that help. The aquaculture industry has grown enormously, and it needed help with research and development planning. The needs of each industry will be different. Until we identify which industries will give us which level of growth to achieve that goal, we will find it hard to best invest the dollars or the effort that government can put in. Certainly, infrastructure is a major one. The minister is well aware of the problems in the South-East around Naracoorte. Indeed, there is a growing problem at Millicent, where we have had good development; there is no doubt about that. However, if we want those communities to continue to accept and support development, we have to make sure that we do not create other problems along the way. At present, in a sustainable sense, some of the

accommodation is not particularly acceptable to the community. We need to work through how we solve some of those issues.

On the matter of population, which was raised by the minister, there are some policy issues. The EDB talks about the population policy for the state of wanting a lot more people here. That is okay, but we have to be strategic, because we have an intrastate population problem as well. There are some areas of high unemployment and other areas where jobs are going begging. Population policy is certainly part of it. We have a few concerns with the reduction to the regional development industry fund, for example, just where Food for the Future is heading and how that will be resourced. We will raise a couple of those matters. I hope that the minister has a lot of luck in the next 12 months in convincing his ministerial colleagues about how important regional South Australia really is.

I refer to Budget Paper 6 (page 2). With the regional framework, under the subject of a package of arrangements and procedures for assessing regional impact, the government has adopted a comprehensive package of arrangements and procedures for assessing the regional impact of any proposals to change government services. On 5 June, the minister made a ministerial statement outlining in some detail an aspect of this framework and clarifying the difference between regional impact statements and the recently introduced regional impact assessment statements. We have had concerns over several broken promises to regional South Australia, most of which were made before this minister was in cabinet. These decisions could have been prevented if the Premier and his ministers had done what they said they were going to do and considered regional South Australia in their decision making process. I will paraphrase the Premier himself. He said that they would release the regional impact statement so that South Australians could weigh up the advantages and disadvantages of any moves.

Regional impact statements have not accompanied government decisions and not one has yet been released. There are a lot of examples. I will not go through all of them, but they include: closing the river fisheries initially; the fact that it was confirmed that no regional impact statement was done on crown lease fees or the cutting of crime prevention programs; and recently there was the jetty fees issue. Despite the Premier's promise, the minister now says that regional impact statements will not be released and, instead, there will be newly introduced regional impact assessment statements, which will be for public consultation.

We are 15 months down the track and obviously some of the hard decisions that the government needs to make have already been made. In the light of this, will the minister explain why the government has changed its focus to only look at changes in government services when it was my understanding that 'regional impact statements will have to accompany any government decision or change in policy that will affect jobs'? To help our understanding of the latest changes, will the minister provide the committee with examples of initiatives where the regional impact has been considered and identify projects within this budget that will require both regional impact statements and the recently introduced regional impact assessment statements to be undertaken?

**The Hon. R.J. McEWEN:** The confusion continues. I do not know whether it is because of my failing to separate out two quite different tools that are used for different purposes. Regional impact statements are part of cabinet decisions and



obviously are cabinet documents. I do not think the leader is asking that they be released, because they are part of cabinet documents. That process has been going on. As I have indicated, I think there are about 150 decisions over the past 12 months where a regional impact statement was part of a government made decision, but obviously we felt that we could improve that.

So, the new process—which, I might add, you have not seen yet because it only comes into effect next week—will involve regional impact assessment statements which cannot be attached to cabinet documents. This is another tool that will sit in parallel with that process, but it will be far more public because these assessments will be made public. Irrespective of what the government does with that information, the assessment itself will be made public. If you do not comply with, respond to or reflect on the outcome of the assessment process, you will need to have a very good reason. However, it goes further than that. I think this is the first time anywhere in Australia where we have actually said that these will not only be required where a specific decision is being made at cabinet level, because obviously significant decisions are delegated. So, if this is a significant decision that will impact on a rural or regional area, whether it is made by cabinet or at a senior level within the Public Service, it will require a regional impact assessment statement.

Let us ask this question again in 12 months in terms of how well we have done that job and whether this has been a useful extra tool—I am sure it will be—in terms of making decisions that are more responsive to the local environment, because every region is different in that regard. We need to do some work over the next few weeks in terms of up-skilling agencies. We are letting chief executives of agencies know what their responsibilities are. We are in the process of finalising the guidelines. I have not seen them yet. I am told they are on their way to me, so obviously within the next day or so we will let them out.

Having said that, there are a couple of decisions which have already been made which I feel could be enhanced by this process. Last week, I discussed with minister Hill's office the need to implement some cuts immediately because of the issue with river flows and, although the decision in terms of how they are going to implement the first cut had to be made earlier than this cycle, I said, 'Can we at least in parallel with this do a community impact assessment statement on all the options, because this may need to be revisited in a few months.' Although a decision had to be made, and we respect the fact that it had to be in place by 1 July, and a lot of consultation was done on that, I said, 'At least can we look at all the options within the next 12 months? You don't have to, but let us at least trial this process and run it in parallel.' That has been agreed to. That is just one example of where we are actually phasing in this new process.

Regarding equity, soon, if the government makes a significant decision, you will be saying to me, 'What did the impact assessment statement say?', and I will be required to make that public. It will be challenging, and it will bring another dimension to decision-making, but I am sure that, at the end of the day, it will add extra quality to it. And I am sure that, along the way, a few times we will get it wrong, because one of the key questions will be: 'Who are the key stakeholders?' Although we are going to do a community impact assessment, part of the process will be to identify who should contribute to that, because we do not want to make this process so bureaucratic and complex that it is actually holding up decision-making.

It will have to be done in a timely manner, and one of the keys will be to identify who should contribute. I am sure that, every now and again, someone will say, 'We were a stakeholder in this and you missed us.' So, we will have to keep refining our guidelines, and I know the office of Regional Development will keep a close eye on that. We are going to learn from this over the next 12 months.

**The Hon. R.G. KERIN:** By way of a supplementary question, I take it from the fact that you are looking at the water flow issue that it is in terms of more than just government services and it will apply to a wider range of decisions. I know the guidelines still have not been finalised.

**The Hon. R.J. McEWEN:** Yes.

**The Hon. R.G. KERIN:** Referring to page 2.33 of the statement of financial performance, the line beginning 'Regional Development Infrastructure Fund', will the minister advise the committee, because it is not totally clear in the paperwork, whether the \$2.5 million cut to the RDIF applies to the \$16.5 million which had been committed in forward estimates or is that \$2.5 million off this year's funding alone? Is the money still in the future estimates for the Regional Development Infrastructure Fund and, if so, how much per year is that?

**The Hon. R.J. McEWEN:** We have had to revise the guidelines for this fund and the way that we get our regional development boards, in particular, participating. We had to have a couple of calls. We found that people have not been taking advantage of it to the level they could, that we have not been working through the process enough in terms of identifying projects that clearly fit, and they have been having this battle in terms of public and private good. Quite often people think it is a good idea to have a project on their farm and then expect the infrastructure to follow them when we might have excess capacity sitting close by.

I think we have to come in with the planning cycle with opportunities in rural areas earlier on to point people to where capacity incapability might exist now so that they can take advantage of it rather than responding after the event. Equally, by having a couple of calls a year, we will be more disciplined in saying to our regional boards, 'Keep in mind this fund is available; it does serve a purpose. We will have these regular calls, so put that into your own planning cycle to be more responsive.' But in its present form I do not think it has been working as well as it should. I think part of that has been administrative, part of it is because it has not been focused upon and part of it is because sometimes there are not simple infrastructure solutions to kick-starting businesses in rural areas. I will ask Ms Bensted to pick up the exact numbers.

**Ms BENSTED:** There are \$2.5 million for 2003-04 and \$2 million of carry-over funds have been approved, so actually \$4.5 million of funding is available for next year, then \$2.5 million for the 2004-05 year.

**The Hon. R.G. KERIN:** Within the targets it talks about the regional development board framework and on page 2.13 it refers to facilitation of new investment in regional South Australia through the regional development board network. Does the government plan to amalgamate any regional development boards and, if so, will the amalgamated boards receive the total amount of funding which would have been allocated to the individual offices?

**The Hon. R.J. McEWEN:** I dealt with most of that in my opening remarks with regard to northern Adelaide and Kangaroo Island. In both cases, it is more of a governance issue than anything else. Other than that, although de

Crespigny's group has made a recommendation about the number of boards, we are certainly not rushing to amalgamate any of them. We will have a close look at that, but often there are other ways to solve problems if things are falling between stools or there is a bit of duplication anyway. We are funding a little project at the moment looking at working more closely with the ACCs. We ought to have a better framework between what the federal government is doing in regional areas and what the state government is doing and making sure we are feeding off each other and are not duplicating administrative effort or collecting the same databases. Businesses get sick of governments coming to them saying, 'Can you give us more information?' Once it is collected, it ought to be used by all of us.

Geoff Upton, who, I might add, just retired as the state manager for AusTrade in South Australia so knows some of the federal networks very well, is now working on a little project for us around our boards and ACCs to find better ways to do business. Often the question is: what is a better way to do business? Sometimes people jump to a solution, as they did with local government and amalgamating councils, when they had a solution in mind without clearly understanding whether there was a problem and, if so, what the problem was. Obviously, we have to continue to do things in a more cost-effective way and continue to have partnerships between local, state and federal government.

To my mind that is the thrust of this. Quite often the question is not about amalgamating boards but whether we can do things differently. Sometimes the best people to ask that are the people out in the field who are working together. Although we think in silos centrally, when you get out into the regional areas those silos do not exist. Some development boards now have AusTrade people and federal government investment people working out of the same offices as our state people, and the clients do not realise that; it is not important to them. They walk in there and get a service. That is a much better way to approach this, rather than simply saying we should have fewer boards. Is there any suggestion that we will be cutting the support to those boards? No. On the contrary: we will be putting some extra money into those boards because of some challenges to do with immigration, population, skills migration, etc.

**The Hon. R.G. KERIN:** Referring to the targets for 2003-04, I note several references to the development and expansion of South Australia's export capacity, which I spoke about before. In the papers these include working with industry, Office of Economic Development and the Economic Development Board to develop an export strategy working with South Australian exporters to increase export sales and launching the updated ExportSA web site for exporting businesses. Given the emphasis that is rightfully placed on the exporting sector, will the minister advise the committee which industries the government would currently identify as the key export growth sectors?

**The Hon. R.J. McEWEN:** The question needs to be asked in reverse; it is a matter of industries identifying where their key growth opportunities are and then coming to work with government on how we can support them. I mentioned the foundation papers, which will be the next process that the Office of Economic Development will be working on with the board, but if the electronics industry comes to us, for example, saying they think there is an opportunity here and can we work on these things with them if it suits them, the answer to that is yes rather than the other way around.

Just a week or 10 days ago we signed off on nearly \$500 000 to help the Wine and Brandy Board to help them help themselves. They came to us with a five-year strategy in which they would build clusters of small producers, because they cannot export on their own; they cannot piggyback on the big ones as they did in the past, because they are now seen to be in competition with them. Let us build a few little clusters, and let us support them in identifying some markets, supporting some of the early logistics but having some clear measures as to whether or not it is working, such as export sales, then weaning them off government support quickly because, obviously, once the sales start to occur, the cash flows are generated and those businesses get on and look after themselves.

The leader mentioned in his opening remarks some of the food initiatives too. It is a similar sort of thing: let the industry identify where it wants to go and see whether we can help them. Sometimes the help can be direct and sometimes it can be indirect. I point to some of what is coming out of the free trade discussions, for example. If we can change some of the rules around government procurement in the US, that is indirectly a tremendous support to CODAN, which has a product that many government agencies in the US would like, but there are procurement rules between the two. Sometimes that is where you can give a bit of help to clear the decks and then let business get on with doing business.

Obviously we have three premiers strutting their stuff on biotechnology at the moment, and I know Jane is over there amongst them. We are all looking for stuff in biotechnology. Obviously, in the automotive industry, as the big manufacturers grow and find more and more market share in the global marketplace, many of our supply companies will sit beneath that. It will be driven by the market, not by our saying we think X can happen. More importantly, it will be industry groups coming to us and saying, 'We would like some help in this way and then we can get on and look after ourselves.'

**The CHAIRMAN:** We will move on to general business, manufacturing and trade.

#### Membership:

Mr Hamilton-Smith substituted for the Hon. R.G. Kerin.

**Mr HAMILTON-SMITH:** Minister, I ask a general question about the portfolio as a whole, if I may, not referring to any specific page. It has to do with the division of responsibilities between ministers. Will you outline the division of responsibility between the Office of Economic Development and the Department for Business, Manufacturing and Trade? For example, the targets in the budget for 2003-04 for the Office of Economic Development list the Mitsubishi project. During estimates, Mr Foley said questions on Mitsubishi needed to be directed to you and not the minister responsible for the Office of Economic Development. Will you clarify where that sits?

**The Hon. R.J. McEWEN:** I touched on this in my opening remarks about not only the Office of Economic Development but also the Office of Infrastructure, because some broader policy settings can occur in those environments. Those departments might then choose also to be a service delivery agent, or they might not. It is more likely, though, that BMT will deliver most of the services, but that will be on a case by case basis.

The honourable member is talking about matrix management, which is, first, making a broad decision about where we are going, and then, secondly, asking the question about

which is the best agency, that is, whether you do it inhouse, whether you outsource to someone such as ourselves, or whether you do it as a collective with, for example, primary industries, education, TAFE or other agencies. Depending on what the initiative is, you will need some resources and some skills in different areas. It is not a matter of saying, 'We are sticking in our silos.' On the contrary, it is a matter of asking, first, where are we going, and then, secondly, what is the best way to get there collectively?

If the honourable member gave me some specific examples, I could explore that a little more. For example, in the early days, in terms of both Edinburgh Parks and Thebarton, we were doing the work about justifying why we would need to have a land bank and why we would need to put some infrastructure into a couple of environments to encourage specific companies to come on site. Once we achieve that objective, it is not appropriate that we manage that land. We would then pass that on to LMC saying, 'Look, we have done all the hard work. Here are some forward cash flows in terms of sales and whatever; you look after it now.' Just because we started it, it does not mean to say that it makes sense that we always hang on to it. We will use our resources to go on to do something else.

One other example is wind power. We have not only much expertise directly in wind power but also in helping people who might produce components for nacelles, blade manufacture, or whatever, if we should win a wind power project. I can see wind power being a subset of energy, and energy being part of infrastructure. We might not be responsible for policy, although we might contribute to policy but, equally, when a decision is made, we might be the lead agency in terms of achieving a particular development. However, we would then engage other players such as local government because there could be planning issues and so on. It is a matter of being more complex than just saying, 'This is box A, box B and box C.'

**Mr HAMILTON-SMITH:** By way of a supplementary to that question, I will provide three examples and ask whether the particular officers working on the three projects I list are located in the Office of Economic Development, the Department for Business, Manufacturing and Trade, or both. Given that there have been a number of reorganisations, the opposition is seeking an assurance that there is structure and purpose in the way in which government is organised. They are the SAMAG project, the naval shipbuilding project, if I can call it that, and the automotive industry, particularly in respect of Mitsubishi and Edinburgh Parks. Are the people handling those functions in your office or are they in the Office of Economic Development?

**The Hon. R.J. McEWEN:** One of my advisers might like to add to this. In terms of SAMAG, of course, we can and will do very little in that regard. We have said that \$25 million is on the table and we are waiting for the federal government to indicate its support. At the end of the day, obviously the marketplace should make the decision about SAMAG, and one of the conditions of our support is financial close. The only thing that we are doing with SAMAG at the moment is the update, because someone needed to step in to do that update once it was asked for. In terms of the naval project, at the moment most of that work is being done out of the EDB. I do not know exactly what work we are doing, but we are not the lead agency in terms of that at this stage. In terms of Edinburgh Parks, I will describe what is happening now because we have finished a lot of the work, but obviously our job is to find people to go into that precinct.

Once we have some infrastructure in place—and we may not manage the infrastructure per se—we will certainly be looking to bring in people, and we are working on a number of projects specifically in that regard.

**Mr O'CALLAGHAN:** In relation to the naval shipyard, it is being led by the Office of Economic Development. However, in the early stages the Department for Business, Manufacturing and Trade was asked to be involved, especially in identifying local companies and, through the industrial supplies office based at the Centre for Innovation, Business and Manufacturing, it was involved in looking at what skill sets we had in South Australia and, in particular, what services could be offered to local companies, especially if we could cluster around a naval defence establishment. There has not been as much involvement in recent times and we expect that, once OED progresses its work, decisions are taken and we know where the state stands in terms of the naval defence area, we will be re-engaged to continue work.

In respect of the automotive area, it is true that the management of Edinburgh Parks has now been transferred to the Land Management Corporation, but it does so in conjunction with the department to ensure that it addresses the economic development areas. I guess there are broader issues with Edinburgh Parks in that we are also looking at what it means for the local supply base, and therefore we have a number of automotive experts within the Department for Business, Manufacturing and Trade who deal with local companies. They are based both at head office and at CIBM, and therefore continue to work with local companies, especially with the possibility of relocating to that site.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 1, pages 2.13 and 2.14, the general targets and highlights, and specifically SAMAG. I just want to clarify something. On 31 December 2002, the Premier wrote to the mayor of Port Pirie on the issue of Mr Robert Champion de Crespigny and SAMAG. In the letter the Premier told the mayor—

**Mr KOUTSANTONIS:** Madam Chair, I have a point of order. This is a perfectly legitimate question for the house, but I am not quite sure how it relates to the budget.

**The CHAIRMAN:** Perhaps the member for Waite could refer to a line in the estimates of payments.

**Mr HAMILTON-SMITH:** We have just heard the minister explain that his department has an involvement with SAMAG.

**The CHAIRMAN:** Will the member for Waite refer to a line relevant to SAMAG?

**Mr HAMILTON-SMITH:** I have referred to two pages. I am pretty sure that SAMAG is listed as a highlight or a target.

**The Hon. R.J. McEWEN:** I am quite happy to answer the question on SAMAG—

**Mr HAMILTON-SMITH:** Does the minister not have any involvement with SAMAG?

**The CHAIRMAN:** Order! I am resolving a point of order and I have asked the member for Waite for information to enable me to resolve that point of order.

**The Hon. R.J. McEWEN:** It is not in the two pages as the honourable member suggested in his question, but equally it is in the budget papers, so we will deal with it.

**Mr HAMILTON-SMITH:** It is in Budget Paper 6, page 3—

**The Hon. R.J. McEWEN:** That is much better.

**Mr HAMILTON-SMITH:** There is \$25 million for SAMAG.

**The CHAIRMAN:** The member for Waite will address the chair. The member for West Torrens has raised a point of order. I have yet to rule on that point of order. I have asked the honourable member for information to enable me to rule on it. Would the honourable member be so kind as to provide that information?

**Mr HAMILTON-SMITH:** What is the point of order, Madam Chair?

**The CHAIRMAN:** It was whether this is related to the budget papers. I have asked the honourable member, as he is required, to refer to a line so that I can resolve the point of order.

**Mr HAMILTON-SMITH:** I draw the chair's attention to the fact that there is a project called SAMAG, it is in Port Pirie and it is mentioned extensively in the budget, but specifically in Budget Paper 6, page 3, dot point one, which states:

\$25 million for SAMAG over two years dependent on the project proceeding.

**The CHAIRMAN:** Thank you; that is what I asked for, member for Waite.

**Mr HAMILTON-SMITH:** Also, in answering the two previous questions, the minister specifically acknowledged his involvement in SAMAG. It is clearly in the budget papers, Madam Chair.

**The CHAIRMAN:** I asked for a specific reference, member for Waite. Member for West Torrens, there is no point of order. Does the member for Waite wish to proceed?

**Mr HAMILTON-SMITH:** Thank you, Madam Chair, I will start again—we have just wasted two or three minutes. On 31 December 2002, the Premier wrote to the former mayor of Port Pirie on the issue of Mr Robert Champion de Crespigny and SAMAG. In the letter Premier Rann told the mayor that both he (that is, de Crespigny) and the Premier believed that, given his previous involvement with the AMC project, there could be a perception of a conflict of interest in his being involved in the SAMAG project. I ask whether this statement by the Premier is correct, or did the Premier mislead the former mayor in his letter?

**The CHAIRMAN:** I caution the minister and remind him that he is at liberty to answer the question in any way he wishes. Does he wish to provide a response?

**The Hon. R.J. McEWEN:** I do not know what the question is in relation to me and to BMT. If the honourable member wants to find a question that is relevant to me, I will deal with it. Can I answer a letter that the Premier wrote to someone? I suggest you ask either the mayor or the Premier.

**Mr HAMILTON-SMITH:** I will move on because the point I am making is clarified later in the questioning. This question is in relation to the same subject and the same reference and a complaint from Mr Galt. Has Mr Gordon Galt from Magnesium International complained to the government about Mr Robert Champion de Crespigny's letter to federal and state ministers on SAMAG? If so, will the minister confirm that he has had to get Crown Law advice about the government's appropriate response?

**The CHAIRMAN:** Minister, that sounds to me like a question for question time, but you can answer it as you choose.

**The Hon. R.J. McEWEN:** I am not sure what the honourable member is asking. I do not know whether or not it is a fishing trip. Was Gordon Galt, CEO of MIA, aware of the letter that Mr de Crespigny wrote to me and two federal ministers? The answer would have to be yes because,

although it was a confidential letter, it found itself in the generic press in an article in the *Financial Review* which, I might add, completely misrepresented the letter. It stated that Mr Champion de Crespigny was calling for the abandonment of SAMAG. Of course, that was far from what the letter said. Was Mr Galt aware of that? Yes. Was Mr Galt aware of my response to that? Yes. Was Mr Galt aware of the terms of reference for the update? Yes. I do not know what else the honourable member is asking.

**Mr HAMILTON-SMITH:** In relation to the same subject and the same reference, when the minister was appointed, was he advised that Mr de Crespigny was not to be involved in discussions on the SAMAG project? If the answer is yes, who advised the minister and what were the government's guidelines governing Mr de Crespigny and his involvement in the government's consideration of SAMAG.

**The Hon. R.J. McEWEN:** Mr de Crespigny is not involved in discussions on SAMAG.

**Mr HAMILTON-SMITH:** By way of clarification, my question was not whether he was involved in discussions but, rather, what were the government's guidelines concerning Mr de Crespigny and his involvement in government consideration of SAMAG? As the minister has noted, there have been public statements and some reporting in the financial press on that. Clearly, Mr de Crespigny is chair of the Economic Development Board. I am asking the minister: what were the guidelines given to him in regard to Mr de Crespigny's involvement in any way in government's consideration of SAMAG?

**The CHAIRMAN:** Minister, do you wish to add anything to your answer?

**The Hon. R.J. McEWEN:** No.

**Mr HAMILTON-SMITH:** I have a supplementary question. If the minister was aware that Mr de Crespigny was not to be involved in government consideration of SAMAG, why did he brief Mr de Crespigny on SAMAG at his recent meeting with Mr de Crespigny?

**The Hon. R.J. McEWEN:** Mr de Crespigny is not involved in SAMAG. Mr de Crespigny as a private individual can ask the questions he asked. I might add that he did not ask them of me. I have been continually keeping people up to date on SAMAG. Obviously, the leader and I have been involved in regular conversation. I have also been talking directly to minister Macfarlane, which is appropriate. This should be a very positive project that we should be approaching in a bipartisan way. We have always had two conditions on SAMAG; obviously, two conditions on closure; two conditions on our \$25 million for the government's support and, obviously, financial closure.

I talk regularly about issues with Robert Champion de Crespigny. After Gordon Galt had done a presentation for me, Barry Wakelin, the German ambassador and a number of other people at a meeting, to which I invited members of both the state and federal governments, I asked both Robert Champion de Crespigny and the Treasurer (neither of whom was at the meeting) whether they would like the same presentation, or whatever. The answer to that from Robert Champion de Crespigny was no. I think the next day he wrote to me and two others saying, 'I have some concerns.'

**Mr HAMILTON-SMITH:** In relation to the same subject and the same reference, I want to quote from an ABC Radio interview with ABC presenter Thompson on 3 June as a preliminary to the question, so that the question is clear. Thompson said:

Is he [de Crespigny] still a shareholder in AMC?

The minister said:

I don't believe so.

Thompson said:

Has that been asked? Has the government tried to confirm that with him.

The minister said:

It is not relevant to me.

While the opposition accepts Mr de Crespigny's assertions that he no longer has an interest in AMC and shares the minister's view that this is a very important project for the state, will the minister explain why he did not believe it was relevant to assure himself absolutely that Mr de Crespigny was not a shareholder in AMC when he made those remarks?

**The Hon. R.J. McEWEN:** Given that I was not dealing with Mr de Crespigny on the project, then it was not appropriate for me.

**The CHAIRMAN:** Member for Waite, do you have any more questions on this topic?

**Mr HAMILTON-SMITH:** Well, just one by way of clarification. The minister in his remarks to the ABC indicated that whether or not Mr de Crespigny was a shareholder in AMC was not a relevant issue. That raises some concerns. I note the minister's earlier answer, but I wonder whether he feels that information would have been relevant.

**The CHAIRMAN:** Anything to add, minister?

**The Hon. R.J. McEWEN:** No, I do not believe so. We need to come back to what we are trying to do here. We are trying to get the federal government to commit. I would like everyone to focus on the main game, which is simply what the federal minister said, in my last conversation with him in mid to late April, he would do, that is, give me an answer from the federal government by, at the latest, the second week in May as to its commitment. From that point on, it is the marketplace that answers all these questions—and that is what is appropriate. Then we both would support the project and have financial closure. I wish we could get on with the main game for the sake of the state, Port Pirie and all the rest of it.

**Mr O'BRIEN:** In answering a question about the ongoing role of the Department of Business, Manufacturing and Trade and the operation of Edinburgh Park, Mr O'Callaghan referred to work being done within the automotive sector. I understand there are four precincts at Edinburgh Park—automotive, aerospace/defence, logistics and advanced manufacturing. I wonder whether the minister or Mr O'Callaghan could give a run-down on what is being done to attract or develop industry within the other three sectors at Edinburgh Park? In respect of the aerospace/defence precinct, does BAE Systems still intend to build a major headquartering facility within the precinct? Do you have any information in respect of BAE System's participation in the joint fighter F35 project, which was recently unveiled by the Pentagon as being the largest defence project in US history?

Australia, by way of what I would explain as a deposit payment, has secured participation in the building of that aircraft. So, will BAe Systems or any of the other defence contractors in the defence aerospace precinct at Edinburgh Park be involved in the building of components for the F-35 fighter?

**Mr O'CALLAGHAN:** I actually do not have a lot of the specific detail with respect to all the various components at the Edinburgh Park precinct. Various aspects within the

department have been working on the logistics and advanced manufacturing technology areas, because we do have good skill sets within the department, where we have acquired people from outside government. With respect to specific projects, including the defence fighter, I do not have the detailed knowledge, so we would need to get back to the honourable member.

**Mr O'BRIEN:** Could that be taken on notice?

**Mr O'CALLAGHAN:** Yes, certainly.

**Mr HAMILTON-SMITH:** I want to go back to the issue of SAMAG and this complaint from Mr Galt and put the question that was not answered earlier in a way that the minister might feel able to respond to. Did Mr Galt from Magnesium International complain to the government at all, and did the minister or any other minister that he is aware of get crown law advice of any kind on Mr Galt's complaint?

**The Hon. R.J. McEWEN:** Not that I am aware of. I know that Mr Galt was obviously disappointed when he saw what the *Financial Review* said, but so should anyone have been because it was not even accurate. I will take that question on notice. The answer is: not that I am aware, but I will happily get back to the honourable member if I can provide him with any more information on that.

**Mr HAMILTON-SMITH:** Given the minister's responses to my earlier questions, what guidelines, if any, now govern Mr Robert Champion de Crespigny's involvement in government consideration of SAMAG issues? For example, is Mr de Crespigny free to be involved in the Office of Economic Development and EDB discussions on SAMAG, and is he free to continue to lobby federal ministers on SAMAG issues?

**The Hon. R.J. McEWEN:** Mr de Crespigny can lobby anyone he likes on any issue. In terms of the South Australian government's involvement in SAMAG, the \$25 million that the last government put on the table remained on the table and we were simply waiting—we were not doing anything but waiting for the federal government to respond, so that we could move on. As I indicated earlier, I believed and hoped that I would have that response by mid-May. Disappointingly, we did not get that response from the federal government. So, we were not actually doing anything ourselves. Once some public questions were asked, I needed to put in place an update just to see where things were up to in relation to each of those questions, and the main reason why I needed to do that was that I still wanted an answer from the federal government.

**Mr HAMILTON-SMITH:** I refer specifically to Budget Paper 4, Volume 1, page 2.3, which lists the costs of running the ministerial office at \$1.005 million for nine full-time equivalent staff. However, the confidential ministerial staff directory lists 11 staff working for the minister. Can the minister confirm that some of the staff in his office are actually not paid out of that just over \$1 million but out of departmental resources and, if so, could he indicate which staff and total the costs of these staff?

**The Hon. R.J. McEWEN:** If I could be provided with the list of 11 and who they are I am quite happy to compare that with my list of nine, and that will help identify who those individuals might be and whether they are ministerial liaison officers working out of departmental budgets, which is part of the resources available to ministers. This sort of thing is in flux at the moment as well because, even after the budget papers, there would be some changes because of changes in how we are dealing with small business and with forestry, so you might also find that that is the reason. I need to look at

the two lists and then I could point out the differences between the list that the honourable member has and my list, and I will be happy to help him with that.

**Mr HAMILTON-SMITH:** It is the confidential staff directory that the government publishes, which lists the staff at ministerial offices and their personal particulars, so it is actually a government document, entitled 'Confidential ministerial staff directory'.

**The CHAIRMAN:** That directory varies regularly. I think the minister is asking for a more accurate list.

**Mr HAMILTON-SMITH:** He was asking us to provide a government document. I am just clarifying any confusion there might have been.

**The Hon. R.J. McEWEN:** The honourable member said that he had a document. I am quite happy to look at it and compare it with what I have in front of me. All I am trying to do is assist the honourable member in asking his question. Could we have that tabled so that I could actually give him an answer?

**The CHAIRMAN:** You cannot table it: it is not purely statistical.

**Mr HAMILTON-SMITH:** The opposition will get a copy of the government's own telephone directory and provide it to the minister.

**The CHAIRMAN:** There is no need for the sarcasm, member for Waite. I think the issue is whether it is a current one, what the actual date was, because these things change regularly.

**Mr HAMILTON-SMITH:** Could the minister explain the estimate for overseas travel costs in the ministerial office budget, and has the departmental budget included any estimates for overseas travel costs in 2003-04 for the minister and his staff?

**The Hon. R.J. McEWEN:** As members would know, I am not a great traveller. I do not like travelling unless I absolutely have to. I am certainly not planning any travel in the immediate future. Obviously, there would be some provision there. From time to time we do need to lead overseas delegations, etc., although, interestingly, what has come out of the Economic Development Board is that there is a preference for overseas missions to be led by business people rather than by members of parliament. Wherever appropriate, I actually support that but, sometimes for cultural reasons, it needs to be government to government.

**Mr O'CALLAGHAN:** We are still working through our internal allocations for budgets so, at the moment, we cannot tell exactly what the number is because we have not actually finalised it.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 1, page 2.13. Who has been appointed to the Wine Industry Council and what issues have been discussed by the council during 2002-03, broadly? In particular, has any specific advice been provided to the department or the government by the Wine Industry Council?

**The Hon. R.J. McEWEN:** I might have to take this on notice, but I will check whether any of the officers can add anything to it at this time.

**Mr O'CALLAGHAN:** I do not have a listing of the members but we can get that; that should not be a problem. I understand that one issue that has been raised is resource capability, with the expected growth in the wine sector over forthcoming years, looking at planning that is needed to be able to meet the demand and the growth. We are looking at undertaking an assessment of the various scenarios to make sure that we can meet that growth. In particular, we are

looking at the supply constraints and the growth projections. That will cover things such as water issues, land capability, infrastructure etc.

**Mr HAMILTON-SMITH:** Moving to the national wine industry research cluster, my question relates to Budget Paper 4, Volume 2, page 2.13. The government provided \$700 000 to the national wine industry research cluster in 2002-03: could the minister outline what specific work has been undertaken by this cluster and what advice, if any, has been provided to the government or department?

**The Hon. R.J. McEWEN:** In my opening statement I indicated where we were going in terms of the Wine and Brandy Industry Association and I spoke of the \$495 000 that we are prepared to make available, plus extra matching funds from industry. That is the direction we will be taking in terms of getting small wine producers to be able to build clusters and to export. In terms of what happened last year, I will need someone to advise me where we were on that.

**Mr O'CALLAGHAN:** I do not have the detailed knowledge—I would need to find out exactly what the research projects are that have been undertaken and what details have been provided to the department.

**The Hon. R.J. McEWEN:** If we can take that on notice, I will get a reply back to the honourable member.

**Mr HAMILTON-SMITH:** I want to ask a question regarding O'Leary Walker Wines within the context of Budget Paper 4, Volume 1, page 2.14. What specific assistance was provided to O'Leary Walker Wines in 2002-03; what was the value of that assistance; and did any other wineries or growers benefit from this assistance to the company?

**The Hon. R.J. McEWEN:** I am happy to take that question on notice. It is not where we are heading with this year's budget, it is part of what was done in previous years, but I am quite happy to get a response back to the honourable member.

**Mr HAMILTON-SMITH:** Moving to more general viticulture projects that fall within this ministry: as a target for 2003-04 the department lists the issue of extra water from waste water for viticulture irrigation, and it quotes 'adjacent to McLaren Vale'. What work is the department doing in helping to prepare the business case, and can the minister undertake to provide a map of the precise areas which might be assisted with this extra water?

**The Hon. R.J. McEWEN:** Equally, with Coonawarra we have got the issue of waste water from the production cycle, and if we can use that back in growing that is good. But in terms of the details, we can get that back to the honourable member.

**Mr HAMILTON-SMITH:** Still on the wine industry, Budget Paper 4, Volume 1, page 2.14. A target for 2003-04 is 'to work with small to medium wineries and the wine industry to collaboratively develop export opportunities'. What work has been undertaken, and what work will be undertaken, by the department to assist the wine industry?

**The Hon. R.J. McEWEN:** That is an issue I dealt with in my opening remarks and also about two questions ago. In terms of the money we are putting in, we are supporting the marketing clusters to get together groups of growers who are also producing their own wine, so that we can support them into export markets. That is what the \$495 000 is involved in.

**Mr HAMILTON-SMITH:** Madam Chair, I am hoping for a bit more detail, given that the advisers are here, as to what specific programs might be constituted within that larger amount—whether there are four or five different programs

doing different things, or whether it is just a pool of money that is used.

**The Hon. R.J. McEWEN:** Obviously it is not a pool of money. Quite clearly, there are not only details of how that money will be spent but also, and more importantly, there are outcome measures (again, as I addressed in my opening remarks on that specific project). However, we can certainly give whatever details now or we can follow it up. I am quite happy for the member to have the details of the whole project, along with the contributions that will be made over the next five years by both government and industry, the number of clusters we are hoping to form each year etc. Whatever you need.

**Mr O'CALLAGHAN:** I also suggest that the program that has been undertaken is intended to be directed at the small to medium sized companies. In many cases, they do not have the capability that a larger company has in terms of being able to access overseas markets and having a large marketing department. So what we were looking to do was work with the Wine and Brandy Industry Association to actually replicate what you would consider to be larger-style companies' infrastructure, but in a collaborative manner. The assistance that will be provided will be matched by industry, but it is not just dollar assistance. There is the expectation that joint ventures will be created, as well as export seminars and export assistance to help those SMEs get into markets that, because of their size, they would not otherwise get into. There is also the expectation that we are looking at performance indicators all the way along the track of actual sales achieved and joint ventures entered into. I refer to Saturday's *Advertiser*, where you will see a job advertised which is, in effect, kicking the process off.

**Mr HAMILTON-SMITH:** I gather the minister is offering to provide more information on detailed programs within that wine industry program on notice.

**The Hon. R.J. McEWEN:** I do not know how much more you want. We are telling you we are putting in \$495 000 over five years, and that wine exporters themselves are going to contribute \$1 432 500, the South Australian Wine and Brandy Industry Association is putting in \$101 000. Our money is on a sliding scale, and the whole thing will be self-funding at the end of five years.

If the member wants to know who is participating, I cannot answer that because we do not yet know who. We do not know who will actually be in each of those clusters, but we can certainly do a report back on this. Obviously, we will try to make it back into the first 12 months anyway, because that is one of the conditions of funding in the second year. If the member wanted a report back earlier than that, maybe we could have a look at it at the end of six months. I am just not sure what else the member is asking for at this stage, other than to say that maybe the best place to ask that would be the Wine and Brandy Industry Association itself. It is actually managing the project and I am quite happy that the member might engage it in this discussion and could add anything to it. I think that would be great. So, please feel free to actually talk to the Wine and Brandy Industry Association about how it intends to manage the project.

**Mr HAMILTON-SMITH:** Moving onto the Coonawarra waste water treatment project, my question relates to Budget Paper 4, Volume 1, page 2. 13. A target for 2003-04 lists facilitating the development of common winery and town-waste treatment schemes in the Coonawarra to provide extra irrigation water for the horticultural industry. I know this might need to be on notice, but could the minister provide a

map outlining the specific areas which would benefit from such a new scheme?

**The ACTING CHAIRMAN (Mr Koutsantonis):** The minister cannot provide a map in committee.

**Mr HAMILTON-SMITH:** Well, yes, he can on notice. I said he may need to provide the information on notice.

**The Hon. R.J. McEWEN:** The map being the map of where the water might be distributed or which vineyards the water might be taken back to? I just need to be clear about what the map is. We know where the manufacturing base is in the Coonawarra strip and we know where the town of Penola is, but I do not know that we are aware exactly which vineyards might be taking up some of the waste water. There are certainly plenty of maps around of where the vineyards are. I am just not sure what you expect this map to do. Could the member further elaborate on what he is looking for in this map? What sort of detail does he want?

**Mr HAMILTON-SMITH:** What the opposition and the public are really after is to ascertain what the benefits will be to the community from this investment that we will make in the common winery and town waste treatment scheme. That is, as stated in the budget papers, to provide extra irrigation water for the horticultural industry. So, we are really asking what areas will benefit from this investment. What specific gains will be delivered from this? I am happy to have that explained, but it would be a lot simpler to see a map, if there is to be an extension, in some way, of this district as a consequence of this new investment. It might make it even clearer.

**The ACTING CHAIRMAN:** The minister cannot provide you with a map. He can only provide you with statistical answers. If he wanted to circulate to you a map of the catchment, I am sure he could do that, or you could write to him.

**Mr HAMILTON-SMITH:** If you will excuse me, Mr Acting Chairman, that is not quite correct. The minister can provide it to *Hansard*. The minister, at his own discretion, is quite able to provide a map within or outside the context of the committee. This is simply a request from the opposition of government, but I would be happy to have an explanation just read into *Hansard* of what the exact benefits will be from this investment.

**Mr O'CALLAGHAN:** The nature of the project is in a very early stage, and we are looking at the ability to look at the needs of our winery companies and what their effluent is and link that in with the Penola area for a STED scheme. So, we are looking at how can we look at the two complementing each other so we can treat waste properly and efficiently and also provide some benefits and use it as a resource back to the local industry. The issue for us is that we have not even started the scoping study. It is a project that is on the drawing boards and, once we have been through our internal budget processes, to ask whether this a high priority, and then the project will commence. When it does commence, I would envisage one of the things that would come out of it will be what areas will be covered by this.

**Mr HAMILTON-SMITH:** Moving on, but still related to the wine industry, and the same reference and page number, given the extensive work undertaken since March 2002 by the department and the Office of Economic Development on the wine industry, was the minister advised when he was appointed that Dr Roger Sexton was a director of the Beston Wine Industry Trust, which had extensive involvement in the vineyards, wineries and other wine-related infrastructure and, if so, what guidelines did the government

require of Dr Sexton in relation to the management of the potential conflicts of interest?

**The Hon. R.J. McEWEN:** Dr Sexton has never reported to me. I do not believe that I would be provided with that information. I trust that the minister responsible for the Office of Economic Development, either then or now, would have been aware of that, but that is not a question that I can answer.

**The ACTING CHAIRMAN:** I refer to *Hansard* of Estimates Committee A, when the Hon. Kevin Foley answered that question.

**Mr HAMILTON-SMITH:** Mr Acting Chairman, earlier I asked a question about the statement of funding within the budget papers for ministerial staff and indicated that there appeared to be more ministerial staff listed than were shown in the budget papers, and I asked how they were to be funded. I have here now a copy of the government's own publication entitled 'Minister's Directory', dated 13 May 2003, and it lists the minister's own staff which I am happy to provide to the minister, so that he can answer the question on notice or later today. Moving on to the issue of Mitsubishi, will the minister indicate the details of how much money has been paid to Mitsubishi and in what year, and could he outline the timing of any future payments to Mitsubishi?

**The Hon. R.J. McEWEN:** If I could take that question on notice, I would be delighted to furnish the member with that information. I do not think that he would expect me to have that detail here at my fingertips.

**Mr HAMILTON-SMITH:** Will the minister confirm that a significant majority of the \$50 million provided by the government to Mitsubishi is not tied to a strong claw-back provision which would ensure that all taxpayers' money would be returned if employment and investment promises were not kept?

**The Hon. R.J. McEWEN:** We do not have the contract in front of us, and I do not think that the honourable member would expect us to have it in front of us. We can certainly get back to him. I am not sure what the member expects with regard to the level of detail when we are looking for the provisions in this budget for the next 12 months. Some questions are obviously beyond that. That is not to say that they are not valid questions, but perhaps they should be taken on notice so that we have more time to put together a considered answer. They are legitimate questions. It is just that they go beyond what I would expect to have in front of me today. I do not believe in bringing the total office filing cabinet here. That has sometimes been done in the past, and it is a waste of resources all round. They are legitimate questions, and we will get answers to the member as soon as we can.

**The ACTING CHAIRMAN:** Order! Does the member have any questions relating to the budget?

**Mr HAMILTON-SMITH:** Noting the minister's reply, we are here to go through the budget papers. This is a \$50 million slice of the budget in this department.

**The ACTING CHAIRMAN:** That was not my question.

**Mr HAMILTON-SMITH:** Excuse me, Mr Acting Chair, I am making a point.

**The ACTING CHAIRMAN:** Order! My question is: do you have further questions? I am not asking for a statement. Do you have further questions? Yes or no?

**Mr HAMILTON-SMITH:** Yes, I do.

**The ACTING CHAIRMAN:** Well then, ask them.

**Mr HAMILTON-SMITH:** Thank you, Mr Acting Chair. We are discussing a \$50 million slice of this portfolio budget.

I am interested that the detail is not here. I accept the minister's offer to provide an answer to both those last two questions on notice so that we get a complete breakdown. If the \$50 million is not tied to a claw-back provision, it leaves the government open to accountability issues. Part of the deal struck with Mitsubishi within the context of this \$50 million contribution was that an R&D research facility would be established jointly with Mitsubishi and Flinders University that would build intellectual infrastructure at Flinders University in conjunction with Mitsubishi. Is that much lauded idea—which the opposition feels was an excellent idea—still on track? Will Flinders University be the beneficiary of some of this money from this portfolio, or has that R&D proposition been removed to Mitsubishi, with Flinders not being as involved as was originally conceived and promulgated when it was announced?

**The Hon. R.J. McEWEN:** I cannot answer that here and now. Most of that is being handled by OED, anyway. Let me again take that on notice. I will come back to an earlier question. When the member asked me about the difference between nine and 11, I suggested to him that quite possibly it was just the fact that he was counting the two ministerial liaison officers on my staff. He did not bother to check at the time. However, that is exactly what was happening. He has now provided me with a list. The explanation I offered him at the time is absolutely right.

There are nine staff in my office, as indicated. On top of that, in the list he has, obviously the two ministerial liaison officers—the two departmental people—are listed in my office, because that is where they work from. It is just a matter of the member not appreciating that those two are not on my ministerial staff; they are departmental staff. That is what I suggested in the first place. That explains the difference between nine and 11. Again, all it took was for the member to provide me with a list so that I could give him a genuine answer. That is a much better way to work—to make clear what he is asking—and I will give him a frank and honest answer every time.

**Mr HAMILTON-SMITH:** We were trying to ascertain whether the funding for those two positions was from the minister's budget or from the department. He has just answered that question, so we thank him for that.

**The Hon. R.J. McEWEN:** Although I know the member spent only a very short time as a minister, there is nothing new or different about this. Ministerial officers—irrespective of who is in government—obviously have to work with departments, and the appropriate way to do that is to have key ministerial liaison officers. I might add that the two I have are as good as you would ever get. They are both very good people, and we get great value out of them. They know their way around the department. So, when we need an answer quickly, they know where to go. Both are enormously well respected by the departments for which they work and have great relationships in our office, as well. It is a great way to do business, and obviously the previous government did, as well.

**Mr HAMILTON-SMITH:** The previous government agrees wholeheartedly with the minister's proposition about his excellent staff and knows it to be true. I will move on to the Industry Investment Attraction Fund. I refer to Budget Paper 3 (page 2.11), which refers to cuts of about \$31 million from the Industry Investment Attraction Fund for 2003-04 in the forward estimate years. What is the allocation of funding to the Industry Investment Attraction Fund for 2003-04 and for each of the forward estimates years?



**The Hon. R.J. McEWEN:** Of course, what we have missed here is the member's not being present for the opening remarks, where we went through a lot of the information as to not only where we were going but how we were going there in combination with the OED and the Office of Infrastructure, etc. As I indicated in those opening remarks, you cannot read our budget in isolation because obviously money is moved around and money is being used in different ways. It is important to understand not only what we are doing with IIAF but equally what is happening with venture capital boards and some of the major projects that are now sitting in OED rather than BMT. To appreciate that broad framework, it would sometimes seem that we are doing less, simply because we are doing things in a different way. It is important that the broader context is understood. If you looked at the Industry Investment Attraction Fund (IIAF) alone, it would look as though we are doing significantly less. However, if you look at it in the broader context in terms of new initiatives and other ways of doing business, you would come to a different conclusion. So, we need to get a preamble. Having said that, I am happy to provide to the member the detail of where we are with the IIAF.

**Mr HAMILTON-SMITH:** We will get that information on notice, and I thank the minister for that. I refer to the same reference. How much was estimated to be spent in 2002-03 from that fund? Did we underspend or overspend in 2002-03?

**The Hon. R.J. McEWEN:** Because these projects are not dealt with in calendar years, we need to look at where each of those contracts is up to. It is not just a matter of stuff being stand alone, and handed out in any one year. Some of these contracts are for quite long time periods, and money is paid in different ways, depending upon the requirement of the other party to meet particular contractual obligations. Although it might seem a very simple question to which I might just have the answer up my sleeve, it is obviously far more complex than that. Equally, it is a valid question, and I will provide the member with the detail he is asking. I do not think he seriously believes that we could answer questions like that off the tops of our heads.

**Mr HAMILTON-SMITH:** I appreciate the minister's response, and I understand that these things are not always clear cut. We are here with all the staff, with all the people who should know and with all the budget papers, and it is an opportunity for the opposition and the public, whose taxes we are spending, to extract the information. Last year it took some months and in some cases much longer to get questions on notice answered. So, I am a little disappointed that we cannot get at least something straightaway, but I take the minister's point that he does not have the information before him at present, so I guess we will have to wait for the answer.

**The Hon. R.J. McEWEN:** I am happy to ask Elaine to walk the member through a couple of issues at this stage.

**Ms BENSTED:** Without being specific to the IIAF, if you look at page 2.16 of the budget papers, the grants and other subsidies line, it does give some overall numbers, which are inclusive of the IIAF, for the 2002-03 budget and estimated result.

**Mr HAMILTON-SMITH:** Thank you, I appreciate that, and we will aim for the detailed breakdown on notice. Still referring to page 2.11 of Budget Paper 4, Volume 1, I note that the first dot point refers to the full year effect of maintaining and supporting the activities of the Defence Industry Advisory Board, with \$3.5 million being allocated over four years for the purpose of the board doing its work. How will

that money be spent over the four years? What will the board be doing?

**The Hon. R.J. McEWEN:** If the honourable member looks at the top of that page, he will see Agency Office of Economic Development, and he will understand that I am not responsible for that.

**The ACTING CHAIRMAN:** We are giving the member a fair bit of latitude, because he is involved in this, but I remind the member for Waite that this is not the sole responsibility of this minister. The honourable member is diverting from the budget line that we are looking at, so I ask him to bring himself back to the current budget line. I remind the member for Waite that he can ask questions on notice in the house.

**Mr HAMILTON-SMITH:** I am aware of that, Mr Acting Chair, but the minister has explained that there is some duplication here between the Office of Economic Development and his department.

**The Hon. R.J. McEWEN:** On the contrary, I purposely did not use the word 'duplication'. The member is somewhat confused, and I understand why, because things are a little bit different. If he had been here when we mapped out the roles and relationships at the start, he would understand. The member makes a good point that, in terms of looking at IIAF and other ways in which the government accesses the industry, you do need to look at this page and add them up. As much as I am not accountable for it, it is part of the overall strategy. So, he does make a valuable point in terms of not only what we do for defence but also for the film industry.

The Broadband Telecommunications Task Force money and the Venture Capital Board are all part of the overall government strategy to build capability and capacity to achieve our growth targets. So, from that point of view, the member is right. We need to look at this in combination with what we are doing in BMT, but I am not accountable for what is happening in the Office of Economic Development. That is not to suggest that it is not good quality work; I am just saying that it sits somewhere else.

**The ACTING CHAIRMAN:** I remind the member for Waite that he could have asked questions on notice of the Minister Assisting the Premier in Economic Development, who was before Estimates Committee B on Tuesday 17 June.

**Mr HAMILTON-SMITH:** Let me just ask the minister: does his department have any involvement with the activities of the Defence Industry Advisory Board, or does he expect it will have any such involvement?

**The Hon. R.J. McEWEN:** I will ask whether any of my staff can answer that question. It could be direct, and it could be indirect. The reason I pause for a second is that Nick Alistair Jones, who heads up our Dubai office, works across some of the defence industry projects, sometimes at a state level but he is also called upon at a federal level. When Robert Hill's team was in the UAE, Nick Alistair Jones assisted them. This is a valuable resource, and it is seen by the federal government (as well as by the state government) as being valuable.

Nick Alistair Jones' experience not only serves himself in Saudi Arabia but he has a very good understanding of defence industries in the region, and we are quite happy to make him available. Beyond that, I would have to ask my officers what work we are providing, given that some of these people went over to OED. Part of the original team when it was rejigged went over and is now working in a different way, but they may not stay there, because another of the complications here (as I indicated earlier) is that once we have bedded down a

project it could come back and sit in our department in terms of its delivery, or it could sit somewhere else. These things move around.

*Mr Hamilton-Smith interjecting:*

**The Hon. R.J. McEWEN:** I would like my staff to give a further answer, but then I wonder whether the member might explain his interjection that that is not what he is hearing.

**Mr O'CALLAGHAN:** The Department for Business, Manufacturing and Trade works in conjunction with the OED. So, where projects come up and it is clear that skill sets exist within Business, Manufacturing and Trade, they are drawn into projects as needed. For example, in the Defence Industry Advisory Board area, in the past we have been asked to participate, not in a detailed manner but with any information and knowledge in this area that we might have. Our infrastructure area is currently looking at what are the options regarding the naval defence establishment at Osborne. On occasions, we have also been asked by the Industrial Supplies Office whether we have local suppliers that could fit and how they would fit in. This is not on a permanent basis; they are drawn in on an 'as needs' basis.

**Mr HAMILTON-SMITH:** The reason I ask these questions is that the opposition has some concerns about a degree of overlap that might exist between his department and the Office of Economic Development.

**The ACTING CHAIRMAN:** These questions could have been asked during Estimates Committee B on 17 June.

**Mr HAMILTON-SMITH:** No, not at all, because it is equally relevant for this department, if there is an overlap, as it is for the Office of Economic Development. Under the new contract disclosure policy of this government, will copies of financial assistance packages of over \$200 000 eventually be disclosed publicly, as provided for under the former government's contract disclosure policy and, if not, why has the new government decided to reduce accountability and transparency?

**The ACTING CHAIRMAN:** Can the member relate that to a budget line?

**Mr HAMILTON-SMITH:** The nature of the question is such that it refers to the entire budget papers. If you like, I will say that it refers to the entire budget line in, let us say, Budget Paper 3, pages 2.10 and 2.11. It is really a contract disclosure policy issue which cuts across every aspect of the department's functions.

**The ACTING CHAIRMAN:** That is the OED again. If you bring it back to BMT I am happy for you to ask the question.

**Mr HAMILTON-SMITH:** Budget Paper 4, Volume 1, starting on page 2.12. Mr Acting Chair, if you listen to the question, it is a contract disclosure question; it is not about a specific budget line. It is about the way in which the department runs its affairs in respect of contracts.

**The Hon. R.J. McEWEN:** I am happy to ask Elaine to talk about our contractual obligations. I think the member might be alluding to projects which actually sit within the OED, so they will be responsible for managing contracts, disclosure and all the rest of it, and they will not come near us and neither should they. This is an important question in terms of not only how we are moving forward but what we are actually doing at the moment. There are a lot of contracts out there, and we have a whole lot of reasons why we must manage them. Prudential management is obviously part of closure on all sorts of contracts, so I think we could at least

enlighten the member on what is actually the current case within BMT.

**Ms BENSTED:** The department will follow the contract disclosure policy which allows for the disclosure of certain contracts after a two-year period. That has not changed since the change of government. There are also the specific requirements in regard to consultancy contracts.

**Mr HAMILTON-SMITH:** \$500 000 remains the benchmark?

**Ms BENSTED:** There has been no change.

**Mr HAMILTON-SMITH:** Mr Acting Chairman, you said earlier that pages 2.10 and 2.11 referred to the Office of Economic Development and not the Department of Business, Management and Trade. I draw your attention to page 2.11 of Budget Paper 3, where it clearly states that the Department for Business, Manufacturing and Trade is lumped together in the budget papers. It is also relevant to the issue of OED and the Department for Business, Manufacturing and Trade and its interactions, given that on those two pages of Budget Paper 3 they are dealt with together under 'Business, investment and trade', not as separate entities as they are in some of the other portfolios; they are closely connected.

Moving to the total government industry assistance package, again, this is a cross-portfolio question. During the term of the last government the minister, together with the Treasurer and other members of the Economic and Finance Committee, produced a report on total government assistance to industry. Using the definition of 'total government assistance' as outlined by the Economic and Finance Committee in that last term of government, what was the total assistance provided by government in 2001-0, the estimated result for 2002-03 and that budgeted for 2003-04? The opposition would like to compare what this government is doing now with the same model that was used by the Economic and Finance Committee.

**The ACTING CHAIRMAN:** It is a type of question for the house, but I will allow the minister to answer how best he thinks it fits his portfolio.

**The Hon. R.J. McEWEN:** That requires the consolidation of data from a number of areas, and the only agency that would do that is Treasury. I am happy to ask Treasury on behalf of the member to provide that information.

**The ACTING CHAIRMAN:** I advise the member that he can also put that on notice to the Treasurer in the house.

**Mr HAMILTON-SMITH:** I am well aware of that, but as this is budget estimates I can also ask a question here and the minister has kindly offered to respond with the answer, so I thank him. This refers to the budget papers as a whole. In regard to federal and state funds for all departments and agencies reporting to the minister, are there any examples since March 2002 where federal funds have not been received in South Australia or 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? If so, what are the issues and what level of federal funding has been or will be lost? There are a few omnibus questions here. The minister may be able to provide me with an instant answer.

**The ACTING CHAIRMAN:** Would the minister prefer them read out all at once or one at a time?

**The Hon. R.J. McEWEN:** I can say in answer to that one: none that I am aware of but, again, I think that is a Treasury question. Let us have them all.

**Mr HAMILTON-SMITH:** Is the minister happy to take that question on notice?

**The Hon. R.J. McEWEN:** Yes.

**Mr HAMILTON-SMITH:** 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 project and program cuts were not implemented? Will you take that one on notice?

**The Hon. R.J. McEWEN:** These are the omnibus questions that everyone is reading onto the record. We will take them all on notice at the end of it.

**Mr HAMILTON-SMITH:** Will the minister provide a detailed breakdown of expenditure on consultants in 2002-03 in all departments and agencies reporting to the minister, listing the name of the consultant, cost and work undertaken? For each department or agency reporting to the minister, how many surplus employees are there and, for each surplus employee, what is the title, classification and TEC for the employee? In the financial year 2001-02 for all departments and agencies reporting to the minister, what under-spending on projects and programs was not approved by cabinet for carry-over expenditure in 2002-03? For all departments and agencies reporting to the minister, what is the estimated level of under expenditure for 2002-03 and has cabinet approved any carry-over expenditure in 2003-04? That completes the omnibus questions.

**The Hon. R.J. McEWEN:** We will get back to the member.

**Mr MEIER:** I refer to page 2.31 of Budget Paper 4, Volume 1, where one of the dot points under targets for 2003-04 is to facilitate new investment in regional development in South Australia through the regional development board framework. Are there any financial implications for local government areas in regional South Australia if they do not contribute towards a regional development board?

**The Hon. R.J. McEWEN:** I do not know that there are any financial implications; there are certainly lack of opportunity implications. If you are not part of the team then I do not see that you would be aware of what was going on and be able to participate in and gain from it. If, for example, a particular local council chose not to be part of that regional board, that is their call, not mine. The boards will go on and will participate with those councils that want to contribute and be part of the team and the future. If you are not in there you will not get the information.

Equally, we all miss out if that is the case; the rest of us will miss out if there are particular opportunities in the council area which the boards are not aware of and which cannot be brought to the government's attention and therefore we cannot as a team work to that end. It is a great arrangement where the partnership between local and state government resources these boards and they are managed to at a local level. They not only deliver very good services but they are also very good at collecting relevant local data which make sure that a lot of our funds are much better targeted, so it is not just a matter of the boards themselves. Sometimes they bring in many times the amount of funding, just because they are able to apply for grants, work directly with businesses, etc. So, I think if a council chooses not to be involved it would need to do it in a different and far more expensive way, otherwise its community would miss out.

**Mr MEIER:** I also refer to the next page, namely, the 2003-04 target on page 2.14 to establish an integrated aquaculture operation at the Bolivar Waste Water Treatment Plant to further reduce nutrient levels in settlement ponds. The facility will also include a fish hatchery. This sounds excellent, given that I am trying to promote as much aquacul-

ture as I can, although I am not looking for a Bolivar effluent plant in my electorate at this stage. Will the minister provide details on the proposed fish hatchery and whether specific types of fish have been identified?

**The Hon. R.J. McEWEN:** It is a good question, and it points to aquaculture opportunities around South Australia. It is probably more mariculture, although people tend to use the term 'aquaculture' to mean both salt water and freshwater. Yes; obviously, the production of stock for any of these developments is a crucial part of the development. What species are being targeted in the project at Bolivar I do not know, but I will find out and let the honourable member know.

**Mr MEIER:** I wonder whether any further information may be available.

**The Hon. R.J. McEWEN:** My apologies; I should have asked one of my staff to add further to my answer. I ask Mr O'Callaghan to do so now.

**Mr O'CALLAGHAN:** Yes; I was a bit surprised when I found that we were involved in this project, but it turns out that the department is doing very early stage trial work with primary industries, SARDI, EPA and SA Water, looking at ways of improving the treatment of effluent. They have stumbled across the fact that carp may be a good way of cleansing the nutrients, so we have a possibility of running a carp fishery at this location. However, it is in the very early stages. The background to this was also using the mindset that no resource should be wasted. Therefore, if we were able to recycle water somehow and get it working here, why could it not be applied anywhere else in the state? This means that in any other effluent schemes throughout the state we could re-use the water in some way. Really it is at a very early trial stage yet, but that was the background to the project.

**Mr MEIER:** I refer to the same page where it states:

Encourage increased numbers of business and skilled migrants to settle in South Australia.

Is the minister aware of any targeted areas for these business and skilled migrants, recognising that there are certain areas in South Australia where I believe unemployment is getting to such a low level that it is difficult to find sufficient employees? I believe that the minister's own area, the South-East, in particular, Mount Gambier, is an example. Are there any particular targeted areas for business and skilled migrants to settle?

**The Hon. R.J. McEWEN:** Not necessarily. On the contrary, it is finding people who want to bring capital and skills to South Australia to develop new opportunities and not necessarily to be employees. Although, as the honourable member points out, we do have skill shortages. We do not have enough people with skills in the areas required by the industries to grow. Equally, it would be great to see people with capital establish their own businesses. Skills and business migration are two elements of the one strategy. It would be great if people could see opportunities or if regional areas could identify skill shortages. We need two things: first, a long-term skills development strategy to up skill our own community; and, secondly, a strategy to bring in skills. We are putting four immigration officers around South Australia not only to work with our regional development boards to identify what is required but also to work with people who are willing to come.

**Mr HAMILTON-SMITH:** Moving on to the Centre for Innovation, Business and Manufacturing, over the past 12 months these poor people in the minister's new department

have been reorganised to death. Budget Paper 4, Volume 1, page 2.32 describes the series of reorganisations since March 2002, DIT having been abolished, new departments having been formed and then new iterations of those same departments having been formed. The opposition is very interested in what are the current plans for CIBM and, in particular, what decisions, if any, have been made about accommodation options. We are hearing that the Woodville depot is to be closed and that people are to be moved to South Terrace and that other restructuring is occurring. Will the minister put on the record what his plans are for CIBM?

**The Hon. R.J. McEWEN:** I do not think that the honourable member's opening remarks were particularly accurate. Notwithstanding that, obviously we do need to make some changes to CIBM because we have known for some time that the Woodville facilities would not be available from September, October this year. Equally, for a whole lot of good reasons, we are looking at better using our resources. One example is taking our food people and putting them with other food initiatives at Regency. However, beyond that I would ask the acting chief executive of BMT, who obviously has dealt with CIBM in a very good way for some time, to provide the rest of the detail in relation to the staff accommodation arrangements for the elements of CIBM.

Equally, as I indicated in my opening remarks, I am in the process of negotiating to move Austrade into South Terrace because we could work very closely with it in terms of a number of initiatives when you have this vertical integration view of taking products through to markets. Obviously, there is some good thinking behind what we are doing. As long as you are working from a vision, if you do make changes from time to time, I think that is fine. However, if you involve the staff in where you are going, they are much more receptive to change. That has been an important part of this process.

**Mr O'CALLAGHAN:** The issue in relation to consolidating CIBM into South Terrace and its future location has been an ongoing issue over the past two years. At one stage we were looking at the possibility of a new separate site. However, over time the focus of the Centre for Innovation, Business and Manufacturing has changed and that has enabled us to consider consolidation into the single site at South Terrace. Currently, we are looking at upgrading the accommodation to fit as many staff from Woodville as possible.

As part of this process, earlier this year we commenced a very detailed interview process with all staff in which all staff were asked for their views on future directions. Overlaid with that was the issue of where the government was going in terms of its services for industry in general. What was the general philosophy as to where most assistance should be provided? It is fair to say that there has been a realignment, if you like, of where assistance should be targeted. In the past, much of the assistance, which was grown through the SA Centre for Manufacturing and the Business Centre, was very much targeted to individual companies. We have moved through a period of rapid restructuring of the local economy and most of the assistance in the future should be targeted at a sector level and, if need be, we will work with individual companies, but at the broader sector restructuring. That means we will be looking at the services we should be offering and the services which government should be getting out of.

**Mr HAMILTON-SMITH:** Upon hearing the minister's response, the opposition is not terribly reassured. In the process of this restructure, will individual manufacturers lose

the sort of hands-on help, guidance and expertise they have had in the past? Are we going into a bureaucratic muddle on South Terrace where some broad sector driven assistance is available with lots of paper and lots of waffle, if you will excuse me, but not much in the way of real tangible assistance to manufacturers? Concern has been expressed to the opposition by manufacturers and others that the quality and level of support from CIBM has been in chaos and confusion for over a year; and there is uncertainty as to what the future holds. The opposition seeks more information on how this will deliver an improved outcome on the ground to manufacturers.

**The Hon. R.J. McEWEN:** There is probably as much waffle in the question as there was in what the member was describing. Equally, the member says, 'Go talk to industry.' Obviously, we must do that. Importantly, when some people in industry talk to the opposition, the opposition needs to say to them, 'Are you also talking to government?' I think that would be useful. We think that industry leadership groups should be making these decisions. That is the appropriate forum to be making decisions about the best way in which to use limited resources. As I described in my opening comments in relation to the electronics industry, for example, I have met with them and had a good talk about how they best see our using public resources for their general good. They have expressed concern about the fact that sometimes one of their competition is given specific help, which is at their expense. They want to know that this is about public good and driving an industry sector forward, and not sometimes being too specific to individuals. There are other occasions where the target is supporting a specific industry or manufacturer in terms of capability and capacity to be an exporter.

But the Manufacturing Consultative Committee and the Small Business Development Council (which I am chairing tomorrow morning) are ways in which we need to collect this information. If the people to whom the honourable member is talking are not communicating that to the mechanisms we have in place, that is what he needs to say to them: 'Are you talking to your peak body that is engaged on a day-to-day basis in setting policy and making decisions about the best way possible to use limited resources?' If the honourable member is criticising those industry associations and development committees, then I need to know that. Otherwise, in fairness to us all and the state as a whole, the opposition needs to be saying to people who complain to them, 'Are you directing that positive criticism in the appropriate direction so we can deal with it?' It is totally and utterly inaccurate for the honourable member to suggest that we have not got the mechanisms in place to seek advice and act on the advice. We have the mechanisms in place and we fully support them. It is important that everyone is aware of that—and uses them.

#### **Membership:**

Mrs Penfold substituted for Mrs Hall.

**Mr HAMILTON-SMITH:** Still on CIBM, the opposition notes the minister's point that we are going to focus more on industry sectors rather than on-the-shop-floor or on-the-factory-floor assistance to individual companies, but we are worried that we are going down the road of having more committees and more higher level support but nothing tangible and meaningful on the ground to manufacturers. In the context of this reorganisation from Woodville to South Terrace, is the minister going to cut staff at the Centre for

Innovation, Business and Manufacturing? Will there be a wind-back in consultancies or people who might be used to administer and deliver services to manufacturers and to businesses? Is there some sort of cut associated with the restructure?

**Mr O'CALLAGHAN:** With respect to the use of external consultants working with companies, where we facilitate companies engaging people to look at either improving processes or accessing export markets, at present we are working through the budgets internally for the department and are not in a position to state what our budget will be for CIBUM with respect to assisting local businesses engage relevant experts. From that perspective it is too early to say, but from the perspective of one of our internal groups, the manufacturing technologies group, we are currently assessing the future of that group.

It does very detailed work with companies but it is very much individual company specific, and we are looking to see how that fits within the broader agenda of the Economic Development Board and the role of government in terms of whether its services should be targeted so that multiple businesses might gain from use of funds as opposed to individual company-specific assistance, which has been the case in the past.

**The Hon. R.J. McEWEN:** Within that framework, we are always reviewing the most appropriate way to use resources. But the question was more detailed: are there any specific staff cuts in that?

**Mr O'CALLAGHAN:** That will depend on what happens to our manufacturing technologies group.

**The Hon. R.J. McEWEN:** Again, it will be as a consequence of review. The direction to CIBUM is not 'You will have to cut so many staff as part of any decrease in revenue,' or anything like that. We will not say that there will not be any changes to staff, but it depends on the mix that we will use over the next 12 months to deliver the services. But the quantum is still there.

**Mr HAMILTON-SMITH:** Further to our concern about CIBUM and service, Budget Paper 4, Volume 1, page 2.16 shows a drop in grants and subsidies for industry development generally from a budgeted figure of \$88.1 million in 2002-03 to a budgeted figure of \$46.3 million in 2003-04, and we have been discussing that. But on the next page, page 2.18, which relates more to the CIBUM issue of business and manufacturing capability, we note with concern that the net cost of the program is to reduce from a budgeted figure of \$21.9 million in 2002-03 to \$18.2 million, in effect, in 2003-04. That seems to us to be a cut of about \$3.7 million in the net cost of that program.

We note that a lot of that is out of grants and subsidies, and some out of supplies and services. It seems that there is a \$3 million winding back of outcomes for business and manufacturing capability under program 2, and it fits with this question of the restructuring and relocation of CIBUM. Can the minister reassure the committee that this is not really going to hurt our manufacturing and business capability, and perhaps explain how that \$7.3 million reduction in the budgeted net cost of the program will manifest itself to services on the ground?

**Mr O'CALLAGHAN:** With respect to the staffing issue, the department has taken a staffing cut overall and CIBUM, as part of the department, will be expected to put in its share of the cuts. The expectation will be that, whilst we have incurred some cuts, as you can see, from 2001-02 down to 2002-03, there are further cuts for the department, so we will

be looking at exactly which people and the services they provide and how that fits into our future direction. That is one aspect. In the second area, the grants and other subsidies, in which we are suggesting that there will be a reduction, once again that is in conjunction with the funding position of the department overall in terms of having to refine its range of services.

Once again, we need to see what the circumstances are within the economic framework within the state and where we can have an impact. At the moment it is true, I believe, that we have been moving away from one-on-one assistance towards sector-based and also multi-programs; in other words, where we might run training programs and expect companies to go to them if they want to acquire the skills, rather than using individual consultants. Services will continue to be provided: it is just a change in the way in which they are provided. Also, there will be a change in the focus: we will be focused more on companies that are either into export markets or will be heading along the path of export markets. In the past, the money has been utilised for companies that have really just faced changes within the economic circumstances. In other words, as tariffs have come down and companies have needed to restructure they have come looking to government to help them with that restructure. That was certainly valid at the time but now the emphasis is on growing, especially interstate and overseas markets.

**Mrs PENFOLD:** My question refers to Budget Paper 4, Volume 1, page 2.20—Program 3, Small Business, with the emphasis on 'small' business. The small business sector is an important contributor to the state's economy, accounting for 96 per cent of all business and 46 per cent of all non-agricultural private sector employment. Many will soon be competing with big operators opening seven days per week, yet despite this there is no information in the budget pertaining to the objectives of programs and government initiatives in the small business sector. Can the minister advise the committee what new programs are proposed for 2003-04 and which current programs are due to be scrapped?

**The CHAIRMAN:** Minister, we had earlier indicated that that would be at 5.15 p.m. but everything has changed, so do you have the appropriate advisers?

**The Hon. R.J. McEWEN:** We are quite happy to mix up questions on small business or BMT or whatever.

**Mr HAMILTON-SMITH:** Madam Chair, with your indulgence: I have checked with the office of the leader and I am advised that our understanding of the arrangement that has been made is that this line of questioning would go on until 6.15 p.m. and that Forestry would commence then. I am advised that the opposition is not aware of any arrangement having been made to the contrary (not having been privy to those discussions myself), and so we would continue this line of questioning until 6.15 p.m.

**The Hon. R.J. McEWEN:** Given that we have already given more time to the opposition than normal because there have been no questions from the government, and also that we were to have the Chief Executive of Forestry SA here from 5.30 p.m., if there were something pressing that had not been done by 5.30 p.m., I would be happy to take it. But they were casual discussions that I had with the leader. In the worst case scenario, we would go through to 6.15 p.m. and take Forestry then. If that is the wish of the opposition then we will do it, but I do not think it would be in the spirit of the afternoon, given that we have already given them far more air time than normal. I would hope that by about 5.30 p.m. they

could find themselves in a position to allow us to move on to Forestry, but it is their call.

**The CHAIRMAN:** Thank you, minister. That sounds reasonable. Member for Waite, do you think you will be able to manage that?

**Mr HAMILTON-SMITH:** We will see how we are going at that time, Madam Chair.

**The Hon. R.J. McEWEN:** In response to the question from the member for Flinders, I think the way to answer that question is that we are going to be saying to small business that it is important that in negotiation with us they set the future direction. In fact, the Small Business Development Council's first meeting is tomorrow morning. I do not think that we are going to get a clear direction out of tomorrow morning; more importantly we are going to get to know each other and explore the processes. But I am certain that, within a very short time, the Small Business Development Council will be setting a firm direction in terms of how we support small business.

The member for Flinders is absolutely right when she says that it is such a fundamental part of our economy. But we do tend to use these terms without clearly defining them and, again, that is why I talked about SMEs in my opening comments and then talked about minis and micros, because sometimes policy relating to small to medium enterprises does not apply to minis and micros. They are a different level of industry that needs different types of support. Many of them are just little family businesses that certainly do not want to use equity to grow, and if there is any growth in them at all it tends to be based on debt. You need a very different approach to encourage, nurture and grow businesses that are that small, and I am sure these are the types of discussions that we will have with the Small Business Development Council.

Equally, of course, I will be asking them: which of the 72 recommendations out of the growth summit do you believe are specific to you? Can we go through each of those recommendations in terms of what advice you would like to give government in relation to solving those problems and grappling with those recommendations that have been identified? Because, again, small business was very much part of the whole process around the EDB. They sat in on some of the regional forums, on some of the round tables, and obviously contributed to the growth summit. So, they have been engaged, and the next step of that is to use the Small Business Development Council to work with us on the way forward.

So what are we doing in the next 12 months? The answer has to be that we are working with the development council to clearly establish what they believe we should be doing within the next 12 months. We are not going to tell them; we can hardly do that. We have invited them around the table for them to tell us.

**Mrs PENFOLD:** Are you taking into account that in regional areas the committee will have to go to them?

**The Hon. R.J. McEWEN:** That is a challenge for the committee—to make sure that we are engaging all small businesses across South Australia.

**Mrs PENFOLD:** I refer to Budget Paper 4, Volume 1, page 2.21—Program 3, Small Business Performance Indicators, and note that the targets for the number of small business development services provided and the number of information and advisory services to be provided have not been increased for the 2003-04 financial year. Obviously, there are no plans to increase the level of services provided

by the Small Business Centre, but can the minister advise the committee if the level of services will be maintained, or will it be decreased during the forthcoming financial year?

**The Hon. R.J. McEWEN:** What tends to drive that is the volume of inquiries we receive. We do not see any reason why there would be any more or any less, so we will be resourcing that at the same level. However, it is customer-driven and we need to be responsive to our customer demands. The member might see something in there and say, 'Look, just expect more demand or less demand because circumstances are changing.' Circumstances are changing all the time, but circumstances tend to impact on small businesses somewhat differently to what is the case with people who are directly involved in exporting.

Many of these small businesses are actually local service providers rather than exporters in their own right. However, the increasing value of the Australian dollar vis-a-vis the American dollar will mean that there will be a different focus on some small businesses in the short and medium term in relation to some of their contracts. So, as the external environment changes, the pressures change all the time. However, I think that you tend to find that it is hurdy-gurdy and swings stuff, and we have no reason to think that it will be more or less, and that is the level of effort we have there.

**Mrs PENFOLD:** Certainly it is impacting now.

**The Hon. R.J. McEWEN:** Yes, particularly on aquaculture, which would be a key one for you.

**Mrs PENFOLD:** I refer to Budget Paper 4, Volume 1, page 2.20. This morning, the minister announced the formation and membership of the government's new Small Business Council which replaces the Small Business Advisory Council, and I recognise that some of this question may have been asked earlier, but I was not listening all the time. In his media release, the minister said that the council had been established to 'drive the growth of the state's small business sector'. Despite the importance of this function, I can find no reference to the Small Business Council in the objectives of program 3, or elsewhere in the small business budget. To facilitate a better understanding of the council and its role, can the minister outline what level and what kind of government support the Small Business Council will receive during 2003-04, and can the minister provide the committee with details of the skills, knowledge and experience of independent business owner members of the council?

**The Hon. R.J. McEWEN:** Certainly I can provide the member with a full list of the membership, where they come from and how they got there. I am quite happy to hand it to her now. She might have some further questions on that. Again, I do not want to pre-empt what the Small Business Development Council will tell us. All I can say is that I expect it to change the emphasis of the resource bases as it identifies what it wishes us to do. We need to be flexible enough to respond to that. Quite a bit of work has gone into the membership of the council, and I actually inherited that. Having said that, I am very supportive of it and will be delighted to get to know the members tomorrow morning when we meet for the first time.

A lot of work has gone into seeing that the council has the right balance. A lot of those people have been nominated by agencies, so it is not our choice as to who represents other bodies, and that is also appropriated. But do I know the individuals? No, most of them I do not know, and I am looking forward to meeting them and getting to know a bit more about them. That is the first thing we will do: build a bit of understanding of each other, so that we have a team that

is focused on developing small businesses. I think my CE would like to add to that.

**Mr O'CALLAGHAN:** I can indicate that the composition of the group is made up of five business owners and six representatives from industry associations who have been nominated by those industry associations. Those industry association representatives, though, must be business owners. One of the requirements to be on this council is that they must be business owners and therefore exposed to issues in the small business area. So, it is expected that arising from tomorrow's meeting ongoing things will be identified, and the department will then look at how it can work with the Small Business Development Council to seek to start addressing them.

**Mr HAMILTON-SMITH:** I refer back to the Centre for Innovation: Business and Manufacturing, and I am referring to Budget Paper 4, Volume 1, page 2.18 and 2.19, particularly 2.19. Earlier you indicated that funds are being cut to this sector. There is reorganisation going on, and there may be some losses and downsizing in the restructure. Looking at performance criteria, it has gone from 2 591 people trained in the last year of the Liberal government, 2001-02, to 1 561 people trained in 2002-03; the number of entrepreneurs assisted has dropped by 20 per cent; the number of innovative new products supported has dropped by 50 per cent; the number of industry improvement programs delivered has dropped from 639 in the last of year of the Liberals (2001-02) to 355 in the last financial year, and it is going to go down further to 280 in 2002-03; and the number of companies assisted has dropped from 34 in 2002-03 to 28 in 2002-03. The whole trend here, in our business and manufacturing capability in program 2, is downwards.

I refer to SAM in general and the services we actually deliver to the taxpayer under program 2. Our investment is going down, the performance criteria indicated in the budget paper at 2.19 are all trending downwards fairly dramatically, and I think we are restructuring the ICBM for a third time. Where are we heading?

**The Hon. R.J. McEWEN:** I do not know where the member is heading because, to start with, he is obviously looking at a different table to me.

**Mr HAMILTON-SMITH:** Page 2.19

**The Hon. R.J. McEWEN:** Do you want to look at the 2003-04 target compared to either the 2002-03 target or actual?

**Mr HAMILTON-SMITH:** My question is—

**The Hon. R.J. McEWEN:** I would have thought 2700 was a larger number than 1500. This jargon about strongly trending down is putting totally the wrong spin on the question for someone who does not have a table in front of them. I actually think it is quite misleading. The numbers I am looking at here do not reflect what the member is saying. Do you want to do it line by line?

**Mr HAMILTON-SMITH:** I do not know what page the minister is on, but I am on Budget Paper 4, Volume 1, page 2.19.

**The Hon. R.J. McEWEN:** Performance Criteria, Business?

**Mr HAMILTON-SMITH:** Let me give you one example.

**The Hon. R.J. McEWEN:** Let us start with the first one. Let us pick all of the examples. You will probably just pick one—

**Mr HAMILTON-SMITH:** The first one I mentioned is the total number of people completing business training

programs. This is the first section under quantity, and I mentioned that in 2001-02 it was 2591 and in 2002-03 it dropped to 1561. You can make the point that it might pick up in 2003-04, but I am—

**The Hon. R.J. McEWEN:** Can you read what it says on the paper? I did not make that point. Would you like to be at least honest and read the whole line? It says 2710. You are implying that there is no number there. It is quite clearly what the target is this year. So, tell the whole story.

**Mr HAMILTON-SMITH:** I am talking about the year just completed, not about 2003-04. Your target was 1 561. Do you agree with me on that? You achieved 1 635. In the last year of the Liberals, 2001-02, the actual result was 2 591. I am asking: what happened last year? What happened in the year that we are completing that caused that to drop? I will give you another example. For the second to bottom category, the number of industry improvement programs delivered, the result in 2001-02 was 639. Your target for 2002-03 was 355. You failed to achieve your target. In fact, you fell well short, and you delivered programs to 280. I object to being called dishonest when I am reading out the figures you have provided in the budget papers. I am simply making the point that the trend line is downward. Even in respect of the number of industry improvement programs delivered, the minister's target for 2003-04 is 330 achievements. For the last year of the Liberals, 2001-02, it was 639. That is a 50 per cent drop in the number of industry improvement programs delivered.

Earlier in answer to a question we heard you explain that you are going to reorganise the way we do business. It sounds to me as though we are reorganising the way we are doing business in such a way as to halve the number of industry improvement projects we are delivering. I ask that as an open and genuine question. Where are we trending?

**The Hon. R.J. McEWEN:** I thought that explanation was saying that we are trending down. When you compare the 2001-02 actuals with the 2003-04 target, which is what we are on about—what we are doing this year—in two of the three columns that the member read out there were increases, not decreases. It is fair to represent totally what is said there: an actual of 2 519 to a target of 2 710 is not a strong trend down. This year's target is to do better than even the actuals in 2001-02. That is what this budget process is about and what we are hoping to achieve this year. I will come back to some explanation about last year's performance in a minute. I am not accountable for that. However, equally, the member rightfully needs to ask the question.

Regarding the second time—129 to 150—I just did not think it was fair for the member to reflect that as a strong trend down. At least our targets for this year are an improvement on what was being read. I will hopefully get the figures for the four columns where the information was not available, because without having the information there it is unfair to even claim that we have either improved or not improved. Of the three columns where we have information, two have trended up and one has trended down. All I was asking the member to do was truly reflect the total picture and not be selective. That notwithstanding, I equally would be interested in some of the explanation around targets and estimated results in 2002-03. I do not know whether that can be provided now; I will certainly ask. We will get some explanation from Kevin.

**Mr O'CALLAGHAN:** With respect to the first line and the estimate for 2002-03 and the 2002-03 target, a number of training programs under CIBM were left off, and they were

left off through an error of accumulation in the production of the statistics. So we have gone back and had a look at exactly what training programs were run and who was on them, and why they were not included, and indicated that, to give a comprehensive feel as to the full range of services, they should be included. That is why the target for 2003-04 has been revamped to include all the programs which should have been included but which through changeover of staff were not included because they were not picked up when the material was produced originally.

Import replacement with local projects is an estimate undertaken by the ISO office which is based at CIBM. One hundred and twenty was the target, and it has got 200. It has been conservative for next year. That comes down to an estimate for what it thinks it can receive for 2003-04.

The next three items are all to do with the innovation area, and in 2001-02 the innovation area had commenced within CIBM. There was no actual information: it was created throughout the year. Therefore, the material was not there on which to collect statistics. It is a relatively new division within CIBM. With respect to industry improvement projects, the 639 includes what is called 'success factor training', which was specifically targeted towards the ICT industry, and also a range of other programs of which I am not aware, so we will need to get information on that. However, I am aware of the success factor one, which was utilised by the sector manager to run a lot of the IT companies through to get base information before they could commence working on broader projects. The success factor series has ceased, but a number of companies were run through that, and they would have made up a reasonable sized element of those numbers.

With respect to the Tradestart position, Tradestart is a jointly funded initiative between the state and the commonwealth under Austrade, with the intention of increasing the number of exporters. That position commenced only throughout 2002-03, and it just happens that we already had the targets in place, because we are in negotiations with the commonwealth for the number of companies we were hoping to get through the program. However, there were some delays in recruiting the person, so they did not arrive until November. Having said that, I point out that it has done an excellent job in working with the industry managers, and it has achieved 28 of the 34 target. Next year it has set 30; we would hope to do far better than that and illustrate to the commonwealth that we have a lot of businesses here that should be in the export markets. Regarding the 639, I would be more than happy to get the detailed information as to the other programs that would have been run through that.

**Mr HAMILTON-SMITH:** I gather that that information will be provided on notice.

**The Hon. R.J. McEWEN:** The 639, certainly.

**Mr HAMILTON-SMITH:** I move on now to the issue of leases for debt, and my question relates to the whole portfolio. I am not sure what line applies. Since 5 March 2002, have any leases held by the old department of industry and trade been extended and, if so, why, and at what cost? Has any decision been taken by the new government about moving the department out of the Terrace Towers accommodation?

**Ms BENSTED:** I will need to look up the exact dates in regard to the South Terrace lease. A short term extension applied to that lease. However, whether that was prior to 6 March 2002, I will need to take on notice. In regard to the Terrace Towers lease, that is managed under the real estate management unit of government. No new leases have been

entered into. Some of the floors have an expiry date of next year, so real estate management will be commencing the process of looking at what we do with them.

**Mr HAMILTON-SMITH:** Moving on to the issue of staffing, what are the names and total employment costs—and I recognise that this may be an on notice answer—for all persons appointed to or acting in executive positions in the Department of Business, Manufacturing and Trade and, for all those persons acting in executive positions, when is it intended to finalise permanent appointments?

**The Hon. R.J. McEWEN:** As I said in my opening statement, I am hoping that we have made an offer to an individual to accept the position of the Chief Executive of the department. Obviously, the minute that happens, a number of people in acting positions can go back to their permanent positions. It also allows us to revisit who has moved over to the Office of Economic Development and who is back. So, in fairness, there has been some flux at present. We would love to have some stability and permanency. All the staff would love that. It has been a difficult time for us all. I can include a list of not only who is in what acting position now but in a fortnight who will be back in their substantive position, what other positions will not be filled, and the process that will be put in place to fill them.

**Mr HAMILTON-SMITH:** I refer to the Edinburgh Park precinct—Budget Paper 4, Volume 1 (page 2.13). How many firms have received financial assistance and moved into the new Edinburgh Park automotive precinct; how many current offers of financial assistance to firms are still being negotiated; and how many firms have moved into the precinct without receiving any financial assistance?

**Mr O'CALLAGHAN:** As far as I am aware, six firms have moved into the Edinburgh Park precinct, and I believe a further six are currently negotiating to take up space within the precinct. I believe that a further 32 companies have expressed interest in going in there, but it is fair to say that the take-up rate has been slower than originally expected because (as yet) they do not have contracts with Holden's, and a lot of those companies are not prepared to move until they have a bit more certainty as to where they stand. In terms of the specifics of the contract and payments, I do not have that, so we will need to get back to you.

**The Hon. R.J. McEWEN:** I can add to that. Six automotive supply companies employing 570 people now operate from Edinburgh Park, and negotiations are nearly completed with a further six.

**Mrs PENFOLD:** I refer to Budget Paper 4, Volume 1 (page 2.20)—programs for small business. I refer to the objectives in program 3. Many issues for small businesses need to be addressed over time, and the way that we proceed is important. Individual shopping hours, industrial relations and public liability are just some of the issues that are affecting the small business sector. Whenever government decisions need to be made, the interests of people who have a vested interest in this state and their employees need to be well and truly taken into account. The small business policy of the Labor Party states:

All relevant proposals put to cabinet with legislative or regulatory implications are to contain small business impact statements.

Will the minister advise the committee how many proposals presented to cabinet for consideration during 2002-03 include a small business impact statement; was an impact statement undertaken prior to increasing current crown land lease fees and the introduction of the pokies tax; and will the minister



provide an assurance that, with future considerations, whenever there will be an impact on small business a statement will be done?

**The Hon. R.J. McEWEN:** Obviously, when we change membership we will go over some common ground, as we have again and again this afternoon. I refer the member to *Hansard* where we gave a more detailed explanation of not only the process that has been in place but the new process that will come into place from the start of the month. I was not in cabinet at the time some of those specific matters were dealt with, but the opposition would appreciate that no-one will disclose what is involved in cabinet documents as that would not be in their interests or those of the present government.

The new impact assessment statements are public documents. The member will be right to ask, 'Where are they?' if we do not use them, but also, 'What note did you take of them?', because there will be times when we make decisions that do not seem to fully support what is said during the consultation process. The consultation process is about gathering information to enhance decision-making; it is not always about doing exactly what is asked for by particular stakeholders, but if we do not we are accountable for why we are at variance with the information we gathered. This is the great debate that we will have when we choose to make decisions that do not seem to truly reflect what was said in an impact assessment statement. I look forward to that challenge. I see this as a possibility over the next few years. It will be great to have that debate, because we are accountable (irrespective of what those statements say) to indicate why we made a particular decision.

**Mrs PENFOLD:** I refer to Budget Paper 4, Volume 1, (page 2.13—dot point 10). As Minister for Small Business, can the minister advise whether the inequitable payroll tax penalty will be removed from small businesses and why, despite being under the threshold of \$43 000 per month in wages, they attract payroll tax because they have directors involved in other businesses?

**The Hon. R.J. McEWEN:** I am sure that the issue of payroll tax and how it is levied on small business will be one of the topics discussed by our Small Business Development Council and that from time to time we will engage Treasury in a robust debate about collecting revenue. In opposition, we talk a lot about what we should spend money on; it is only when we get into government that we talk about where the money is going to come from. I like to engage everyone in the community about both sides of the debate.

It is easy to say that we should not be raising revenue, but of course if you have a shopping list of what you would like to have done you have to choose between doing something else or raising more revenue. I understand the context of the question and the difficulty with the many imposts and charges that the three spheres of government put on business and the community, but equally the business community demands services, and it is a matter of striking a balance.

I am sure that we will have another look at the range of levies, taxes and charges that are placed on small business and the range of services that the government provides. It must be kept in mind that this afternoon we have been talking about the services that we provide, and they are all at a cost. It is a matter of striking a balance. Obviously, that will be one of the many topics that the Small Business Development Council addresses.

**Mrs PENFOLD:** I hope the minister will look at that one, because it is particularly inequitable for small businesses

starting up. They like to get a bit of expertise, but of course there is a penalty for having that expertise in their business. I refer to Budget Paper 4, Volume 1 (page 2.13—dot point 10). Businesses in South Australia are being held back by the lack of tradespeople, particularly in the mechanical and building trades. What is the minister doing to help ensure that these shortfalls are identified and addressed?

**The Hon. R.J. McEWEN:** That is not strictly a question for me. However, the member is absolutely right. The Regional Communities Consultative Committee (RCCC) has identified not only skills development but the availability of a skills base which is a rate inhibitor for small business in regional areas. This is an issue that I will need to take up with the Minister for Education about the relevance of the senior secondary curriculum in some rural communities where the wish of a number of students is to remain in their community and have some immediately applicable and technical and technician level skills and not to be exclusively working towards a tertiary score and eligibility for higher education. We mentioned the school migration program. The challenge there is to identify skill gaps in communities and assist people to fill those gaps.

The third part, of course, is to engage the Minister for Employment, Training and Further Education in terms of what skill training we are providing. Not only has significant extra money been injected into that area in the past 12 months but the Kirby report is on about the better delivery of those skills. This is a broad ranging question which has been identified by not only the member but the consultative committee. This is a challenge that we will need to take up with a number of ministers if we are going to have appropriate skills available not only to small businesses but businesses generally. This tends to be a challenge not only in regional areas but in some parts of Adelaide where businesses are looking to grow but finding it difficult to recruit the skill base they need.

**Mr HAMILTON-SMITH:** Getting back to the Edinburgh Park precinct (Budget Paper 4, Volume 1, page 2.13), will the minister provide the latest estimate of revenue (both received and expected to be received) for each year since the precinct was established and compare that to the original estimates when cabinet approval was given?

**The Hon. R.J. McEWEN:** Obviously we have mapped the cash flows that we have for the successes that we have had until now. I am happy to provide the member with a prediction. We did indicate that that had slowed down a bit, but that will not cause us any distress, because development obviously takes place at the rate of uptake and, if the rate slows down a bit, you will not develop the next phase quite as quickly. With Thebarton, we had to move more quickly. We had a full uptake, and we needed to purchase extra land from Michell's and get onto developing the second phase, because the biotech companies were looking to take up extra space.

Again, the important thing here is that we must have the infrastructure in place that is able to be taken up at the appropriate rate by industry. Sometimes you might get a bit ahead of them, but I do not see that that is a problem; it is when you get behind them that you slow down industry by not having that available. It is a matter of bringing on line the next phases of those estates as industry wants to take them up. You do not want significant infrastructure sitting there idle and getting too far ahead of the game. Equally, you do not want to get behind the game. I am quite confident that we are marrying that pretty well at the moment.

**Mr HAMILTON-SMITH:** Across your portfolio, how many industry assistance packages have been approved by the government since 5 March 2002 from your department, and will the minister provide any details of those packages?

**The Hon. R.J. McEWEN:** That is obviously a question I will have to take on notice. The level of detail will depend on what is in the contracts. Some you can make available, but not immediately, and some of it is commercially sensitive. I have no difficulty with that. We can put that data together. That will apply to more than one line, but we will put that together. Every day we are talking to the business sector about their desire to expand and the types of assistance we can provide them, and more and more we are talking to them at arms length more about public good than private good. That is similar to Thebarton and Edinburgh Parks putting in place the infrastructure so that businesses can compete with other businesses and get on with it.

An example is the \$495 000 we talked about for the wine industry. To us it goes to one level, and it then finds its way with matching funds down to businesses. So, we might not necessarily know or need to know exactly what businesses are getting help at any particular time, as long as we are measuring that at the end of the day in terms of the outcome we want, which is improved export sales. There will be times when I cannot answer the detail of that question, because we are not dealing with that: we are dealing with an industry group which is dealing with that, and in that case it is using three times as much of its own money as it is of ours, and it is appropriate that we simply assist it to drive that itself.

**Mr HAMILTON-SMITH:** Following on from that, by way of a supplementary question: will the minister advise how many industry assistance packages have been referred to the Industry Development Committee since 5 March 2002? How many does he anticipate will be referred to the Industry Development Committee in the coming year and what criteria in terms of dollar spend and any other criteria will the government be using in determining whether a matter must be brought forward to the IDC before it is approved by government?

**The Hon. R.J. McEWEN:** I will get the honourable member the details in relation to what has happened up to now. In terms of where we go from here, it is an interesting challenge, is it not? If you are optimistic, you will be criticised for not meeting your targets and if you are pessimistic someone will ask why you got it wrong. We will do the old wet finger in the air thing and give the best indication of what we think will happen over the next 12 months and factor that in. I am happy to provide detail where we have it and guesstimate where we have it, as long as everyone appreciates that with 20-20 vision and in hindsight we sometimes get those numbers wrong. That was the debate we were having a little earlier this afternoon.

**Mr HAMILTON-SMITH:** You will be providing both sets of figures?

**The Hon. R.J. McEWEN:** Yes.

**Mr HAMILTON-SMITH:** Thank you. My next question has to do with the Thebarton biosciences precinct shown in the sixth dot point on page 2.13 of Budget Paper 4, Volume 1 as a target for 2003-04 to finalise the concept plans for the Thebarton biosciences precinct stage 1, etc. Minister Lomax-Smith has publicly stated that she and her department are managing the Thebarton biosciences precinct and that she is the lead minister. Why is this project listed as a target under the Department for Business, Manufacturing and Trade; in which department will the officers responsible for this project

actually be located; and to which minister will the financial control of this project ultimately fall?

**The Hon. R.J. McEWEN:** I do not know whom I indicated this to earlier this afternoon, but I indicated that we were involved in this up to and during the process of purchasing that land from Michells. That is now in the process of being handed over to the Land Management Corporation. That is the appropriate place we would manage that at the stage where we have nailed it down to. These things will move in and out of departments, depending on the appropriate people to be managing the project at any given time.

**Mr O'CALLAGHAN:** It is fair to say that we have an interest in the bioscience precinct and that minister Lomax-Smith has BioInnovation reporting to her. She has asked that some of our officers be involved in the further development of the site and we are now agreeing to that. There should be a meeting in the next week or two where our staff will continue to work with BioInnovation to make sure the next stage of the bioscience precinct is successful. In particular, if we can get the next stage up and running we are looking at what type of incubator facilities can be slotted into that area.

**Mr HAMILTON-SMITH:** As a supplementary question: who is responsible? Which minister is responsible for the people, the money and the management of this project? I am hearing that, well, there is the Department for Business, Manufacturing and Trade: 'We have people and we will provide the money.' Then I am hearing from minister Lomax-Smith that she is responsible, she has the people and she will manage the money. Who is in charge? Who is the lead minister? Who is responsible?

**The Hon. R.J. McEWEN:** It is probably the member's military training here. We do not necessarily have to drive things via a strict military agenda; we have ways where we can work in partnership and put together the appropriate resources from different departments to achieve an objective. As long as we manage that properly we can have a lead minister and the rest of us in a very cooperative way making available at the time those resources needed to be part of the project. It is called matrix management; I know it is new and different to our military friends, but it actually works well.

If the member is suggesting that we are not in control: on the contrary. We are so in control that we are making the best possible use of finite resources to achieve a shared vision and shared outcome. We can do that very well, and that is what we have been doing with Thebarton. The member ought to be proud of the outcomes of not only the work done by the previous government but also the work we have kept doing. It is a fantastic result and it shows that we are not control freaks but that we can put the right people together at the right time, with exits as well. When the skills are no longer needed we can bring them back into the department and use them on another skill base. That is the key to the best possible use of the resources we have. Some of our people move on; once they have done what they need to do there they apply those skills elsewhere.

**Mr HAMILTON-SMITH:** I am sure the Auditor-General would be most impressed with matrix management, but let me just say this: you can delegate the work but you cannot delegate the responsibility. I am asking the minister: who is responsible for this project? Who is responsible for the people and for the money? Who will answer to the parliament, the Auditor-General and ultimately to the house for this project? What I am hearing is a lot of matrix management, and I am

sure this will be wonderful, but will the minister please tell me who is responsible?

**The Hon. R.J. McEWEN:** Obviously, the appropriate minister will be held accountable to the house for the appropriate part of the project. I am sure that, if ever a question comes up—

*Mr Hamilton-Smith interjecting:*

**The Hon. R.J. McEWEN:** The key leadership people are responsible for that part of the project that they have signed off to lead; in other parts of the project where they provided only the resources, obviously, the lead agency will be held responsible to the house for that part of the project. Obviously, there are different elements to a project like this and different people will take responsibility for them. As long as we have a shared game plan and we are quite clear amongst ourselves who is accountable for each bit of it, we will deliver the outcomes. The real answer is that if you ask a specific question you will get an answer about not only who is accountable but also what they are doing.

**Mr HAMILTON-SMITH:** I do not want to let go of this point, because you have not answered the question. Your last answer sounded like you were tap dancing around the issue. Who is responsible? It appears on page 2.13 of the minister's Budget Paper as a task for which he is responsible. I assume the money for the project is within the minister's department and that the minister's people are involved in working on the project, yet the government has put out a media release in which minister Lomax-Smith claims that she is the lead minister and that she is running the show; and that the minister's money is her money and the minister's people are her people for the purpose of that project. Again, when it all goes wrong, do we come looking for you, minister, or do we go looking for minister Lomax-Smith?

**The CHAIRMAN:** Does the minister wish to add anything?

**The Hon. R.J. McEWEN:** It is getting to the silly season now. Let us wind back a little. There are a couple of elements to this. Minister Lomax-Smith is responsible for the whole bioinnovation area. In terms of who is on the precinct and what they are doing, that is her responsibility. As I indicated, we were doing some work in terms of expanding the site. Therefore, we did some early work in terms of acquiring enough land for the next stage. As we conclude that work, we will hand the land over to the Land Management Corporation. To my mind, that is fairly clear. Different people are accountable for different parts of the project, but there are clear lines of accountability. Clearly, minister Lomax-Smith is responsible for the whole bioinnovation area, but, if she did not have any land or any infrastructure on the site, it would be embarrassing for her to find another bioinnovation project wanting to establish at the precinct.

Our job is to ensure that that is in place so that she can do the job that she has done and is doing particularly well. She is a fantastic ambassador in this bioscience area. She is passionate about it. We will ensure that she has the facilities she needs to offer to industry, and we will continue to be a national leader. I have no problem with any of that: it is quite clear who is doing what.

**The CHAIRMAN:** I certainly agree. We seem to have a minister for bioinnovation who even understands what it is.

**Mrs PENFOLD:** I refer to capital investment, Budget Paper 5, page 12. I noted with interest the Edinburgh Parks and the Thebarton bioscience precinct extension. It is proposed that a world-wide centre of excellence, research and development, education and innovation incorporating the

renowned Lincoln Marine Science Centre will be built. The centre has outgrown its current premises and has resorted to using relocatable buildings, significantly stunting its potential growth. Will the minister advise what progress has been made on the marine innovation South Australia project (MISA) to be located at Port Lincoln?

**The Hon. R.J. McEWEN:** I will have to take that question on notice and bring back an answer for the member.

**Mrs PENFOLD:** It is \$60 million plus. I refer to Portfolio Statements, Budget Paper 4, Volume 1, page 2.13, dot point one. Will the minister advise whether he has given consideration to the Deloitte Touche Tohmatsu report, wind generation developments on Eyre Peninsula economic impact analysis, which outlines in scenario five a total economic impact of local manufacturing activity during the construction phase of \$4.72 billion to this state?

**The Hon. R.J. McEWEN:** I understand why we are going over this again, but obviously the whole infrastructure area is being pulled together by minister Conlon, who arrived home from Madrid either last night or early this morning. Yes, we are aware of the report. Yes, the report was developed by my department and has been made available to minister Conlon. Yes, we are certainly putting together a plan. Are there some challenges? Yes, there are certainly some challenges, but more in terms of the federal government which does not seem to have any certainty about mandated renewable energy levels, which, of course, is causing international concern. Hopefully, the member can get hold of some of her federal colleagues, twist their ears and tell them that certainty in terms of mandated renewable energy requirements underpins the very development about which she is talking.

We would be delighted to work with it; and I would be delighted for her to give me some assistance. This state has better wind resources than any other state. There are tremendous opportunities for us, but, unless we have certainty about the renewable market, it will be difficult to attract these investments. It is a pity that the federal government is now reviewing those mandated levels again. That is the problem we have. We do have a vision as a state, but I am afraid to say that we will not achieve the level of investment that we want while the federal government is as woolly and as waffly as it is at the moment.

**Mrs PENFOLD:** I refer to Portfolio Statements, Budget Paper 4, Volume 1, page 2.13, dot point 10. The minister has listed as a target the reuse scheme for viticulture irrigation adjacent to McLaren Vale, while support has been withdrawn to extend the existing Port Lincoln reuse scheme stage 2. Will the minister assist Port Lincoln council to source \$500 000 to match the \$624 900 it will provide so that the project can proceed to stage 3, which proposes to use water for viticultural and horticultural projects adjoining Port Lincoln?

**The Hon. R.J. McEWEN:** What I will do is offer the same briefing as we have offered the member for Waite, but we will add the third element. Obviously the member for Waite was asking about Willunga and Coonawarra, but equally we will put together a briefing on where we are up to in relation to Port Lincoln, as the honourable member asks. We will add that to the earlier undertaking we have given and put the whole thing together as one briefing. We are happy to take that on notice.

**Mrs PENFOLD:** I refer to Portfolio Statements, Budget Paper 4, Volume 1, page 2.14, dot point 12. Will the minister advise whether a regional impact statement will be undertaken to assess the negative effect on business in regional

communities and on the environment due to the lack of funding provision for STED schemes which have been cut by \$1 million and which already have a backlog of 30 years? This is particularly imperative for coastal communities to protect the significant growth in aquaculture.

**The Hon. R.J. McEWEN:** The member knows that the new assessment statements will come into effect on the first day of the new financial year. Decisions made after that point will have this robust process applied to them.

**The CHAIRMAN:** Is the member for Waite ready to proceed with forestry now?

**Mr HAMILTON-SMITH:** The opposition would like to continue its line of questioning on this budget line. However, I do have the forestry questions with me. We would like to continue on this line. I expect we will finish the entire show, including forestry, by 6.15 p.m. I refer to Budget Paper 4, Volume 1, page 2.29. Why has the estimated cash balance for 30 June 2003 increased from \$19 million to \$42.5 million; and why is it estimated to increase further to \$47.4 million by 30 June 2004? It just seems that there is a cash bonanza in the department at the moment.

**The Hon. R.J. McEWEN:** It is more to do with the way in which Treasury is dealing with carryovers than it is to do with the department. I understand that it is an issue across agencies in terms of how it is presented. I am happy to obtain an answer from Treasury as to how it is dealing with the numbers going forward.

**Mr HAMILTON-SMITH:** I refer to EDS, Budget Paper 4, Volume 1, page 2.13. What work did the Department for Business, Manufacturing and Trade complete to help facilitate the EDS operation generally in Adelaide and was any financial assistance provided?

**The Hon. R.J. McEWEN:** I do not have those details with me, but I am quite happy to take that question on notice and get back to the member.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 1, page 2.13 and a subject that is close to the minister's heart, namely, Kimberly-Clark. What assistance did the minister's departmental staff provide to assist the \$240 million Kimberly-Clark Australia investment at Millicent? Was any financial assistance provided?

**The Hon. R.J. McEWEN:** My understanding is that we assisted with some infrastructure but no actual dollars were involved.

**Ms BENSTED:** It was mainly facilitative support, especially in the area of infrastructure

**Mr HAMILTON-SMITH:** What type of support did staff provide? You mentioned infrastructure. Could you elucidate that?

**The Hon. R.J. McEWEN:** The key issues were around energy, namely, gas and electricity, and working with supplier agencies in that regard. Again, if the honourable member wants details as to who was doing what, I am happy to provide that. Certainly, the challenge for Kimberly-Clark, as it is for many big industries in the South-East, is competitive energy prices, be they gas or electricity.

**Mr HAMILTON-SMITH:** In regard to surplus positions, I refer to Budget Paper 4, Volume 1, page 3.32. Will the minister provide a list of the 23.5 positions that have been identified as surplus? Will the minister provide a list of all officers who have resigned, or who have been terminated, or who have accepted a TVSP since 5 March 2002?

**The Hon. R.J. McEWEN:** I will get the detail on the number, but it will be made up of three parts, including people whose positions through attrition have not been filled;

obviously, people who have taken TVSPs; and people on contract whose contracts have not been renewed. It will be a mix of those three. I have some numbers in front of me, but I need a close look at them in terms of OED and ourselves. Sometimes people who have disappeared off our books have reappeared on OED's books, but I will come back to the honourable member with exactly how we make up that figure. There will be three, possibly four, components to it.

**Mr HAMILTON-SMITH:** My next question is to do with works in progress, Budget Paper 4, Volume 1, page 2.15. Will the minister provide the detail of the \$35.9 million worth of financial assistance loans in 2001-02 under works in progress?

**The Hon. R.J. McEWEN:** The difficulty I have with answering that question is that I do not have all the contracts in front of me. I do not know whether any of them are commercial-in-confidence. Before I give a list of how that is made up, I need to have each of the contracts checked. Some \$19 million of that is obviously the Mitsubishi money, but there are some other elements which I need to check first.

**Mr HAMILTON-SMITH:** I know I am getting back to my hobbyhorse in relation to the Thebarton biosciences precinct but I note, on the record, and draw to the committee's attention, that funding for the Thebarton biosciences precinct, which is referred to on the bottom half of page 2.15, is from within your works in progress budget. I presume that you, rather than the minister for science, are financially responsible for that money and, ultimately, how it is accounted for to the Auditor-General and the house.

**The Hon. R.J. McEWEN:** I think we have answered this question about five ways. Obviously, this is concluding the involvement we had in the purchasing of the land. Once that has been tidied up and we have title of it, then we have finished our job in relation to that. That is all we are doing: we are finishing off that job. I might add it was a fantastic deal. We were on the front foot in that and have done well out of it. In a marketplace where real estate has been going through the roof, the honourable member would be pleasantly surprised to see what a good job the staff have done in that regard by being a bit ahead of the game.

**Mr HAMILTON-SMITH:** Where does the Australian Submarine Corporation warrant mention in the budget papers?

**The Hon. R.J. McEWEN:** Page 2.27 notes that a loan has been paid off. Is that what you are referring to?

**The CHAIRMAN:** Do you want to come back to that question, member for Waite?

**Mr HAMILTON-SMITH:** Actually, the \$28.9 million figure in 2001-02 is on page 2.16 under 'other' operating expenses. It is terrible when I have to explain where things are in the minister's budget. The figure of \$28.952 million is under 'other'. What is that \$28.9 million under 'other' from 2001-02 to be used for? In explanation, I note the Auditor-General's Report, page 388, states that \$18.12 million of this sum relates to an \$18.1 million SAFA loan to the Australian Submarine Corporation. Given that the original financial assistance package was provided by the Bannon government, what was the background to the \$18.2 million SAFA loan to ASC in 1998? Will the minister explain why \$18.1 million of this 1998 loan is actually recorded as an expense in 2001-02?

**The Hon. R.J. McEWEN:** I do not understand that. I will need to explore it further. I will take it on notice and get back to you. We might be rewriting some history here.

**Ms BENSTED:** It is the accounting treatment of the settlement of a 99-year loan in accordance with the contract.

**Mr HAMILTON-SMITH:** Perhaps the minister would like to look into that and come back on notice. By way of a supplementary to that, I would be interested to know in the minister's reply whether he could indicate when in 2001-02 the key decisions were taken in respect of that matter; whether it was before or after the change of government.

**The Hon. R.J. McEWEN:** Which change of government are we talking about now?

**Mr HAMILTON-SMITH:** From the former excellent government to the current—

**The Hon. R.J. McEWEN:** Understood.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 1, page 2.16, Operating Expenses, Grants and Other Subsidies. Is the full amount of all payments to Mitsubishi in 2001-02, 2002-03 and 2003-04 included in this Grants and Other Subsidies line and, if not, where is it?

**The Hon. R.J. McEWEN:** It is.

**Mr HAMILTON-SMITH:** Has the government offered any financial assistance to Newmont? If so, how much assistance and what was the purpose of that assistance under Grants and Subsidies and any other budget line?

**The Hon. R.J. McEWEN:** We are doing some work on that matter ourselves at the moment and we have not actually got a position on that. I will take that on notice but, in doing so, I do not want to give the honourable member a commitment that I can satisfy his requirements earlier than our own. We ourselves are taking some advice from crown law in relation to a number of matters on that question. As soon as we get an answer from them we will be in a position to answer the honourable member's question.

**Mr HAMILTON-SMITH:** Has the government offered any financial assistance to the Stehr group of companies? If so, how much assistance and what is the purpose of that assistance?

**The Hon. R.J. McEWEN:** Not that I am aware of but, again, I will need to take further advice on that. The local member, who knows very well not only Mr Stehr but his other colleagues, might have some other information on that.

**Mr HAMILTON-SMITH:** Budget Paper 4, Volume 1, page 2.14, about half way down the targets for 2003-04 states:

With BioInnovation SA to develop the business case and funding mechanisms necessary to establish bioscience incubator/accelerator facilities. . .

How much money is the minister intending to contribute to that target, and what is the relationship as a department with BioInnovation SA? Who is responsible for BioInnovation SA? It is within the Minister for Science's portfolio but is it another case of people reporting to two ministers? How are the arrangements, both financial and practical, set up?

**The Hon. R.J. McEWEN:** If we repeat it often enough the honourable member will get the message that minister Lomax-Smith is driving it and is responsible for the BioInnovation part of our investments at Thebarton, and that is an appropriate question to ask her, either as a question without notice or in some other forum. I presume that the minister has completed her estimates, so she could perhaps answer that question in the house.

**Mr HAMILTON-SMITH:** The question specifically to this minister was: how much investment will his department be targeting to that objective, which is to support BioInnovation SA? I know from the budget papers that BioInnovation SA was granted only \$1 million in the coming

financial year as base funding. Is money set aside within the minister's budget for BioInnovation SA, or is it simply staffing support or intellectual support?

**The Hon. R.J. McEWEN:** No, but again, as part of matrix management, if there is some expertise that the minister wished to use out of our department, she would approach us and we would consider that in terms of our own priorities. We do have some expertise that others are very interested in, who would go and do a particular project and then come back to us, as we will with OED and other departments such as Primary Industries, etc., as necessary. We will put together multifaceted teams as we need to. If they come to us for some support, we will negotiate it. I know that this is jargon that is way over the honourable member's head.

**Mr HAMILTON-SMITH:** Matrix management and flying teams: very impressive. But will there be any grants or subsidies—

**The CHAIRMAN:** Minister, I think Mr O'Callaghan had something to add there.

**The Hon. R.J. McEWEN:** We have answered that a number of times. No money was specifically set aside in our budget. That does not say that we will not be helping.

**Mr O'CALLAGHAN:** The reason that is listed there as a target in 2003-04 is that we have a staff member in our agency who was working with the bioscience precinct in the past before it was handed over to minister Lomax-Smith as her responsibility. He has been approached by BioInnovation as to whether he can maintain that involvement, and he has put forward a proposal for our internal budgets as to whether we can fund a business case or develop the business case further. Because we have not completed our budget cycle as yet, no funds have been allocated and, if they were, they would be only for the development of a business case to have a look at the options available.

**Mr HAMILTON-SMITH:** In Budget Paper 4, Volume 1, page 2.13, dot point 3 talks of the facilitation of the development of targeted industrial land at Osborne (naval defence), Gillman (waste industries), Wingfield (foundries) and Outer Harbor (export trade). Would it be possible for the minister to provide detail of what is planned in each proposed development, with full financial costings?

**The Hon. R.J. McEWEN:** We are happy to do that in conjunction with the Minister for Infrastructure. There are some issues to do with us there but some issues to do with more broadly bringing together some of these infrastructure challenges. So, it may require a response not only from me but also from my colleague the Minister for Infrastructure.

**Mr HAMILTON-SMITH:** Budget Paper 4, Volume 1, page 2.13 under Highlights 2002-03, about six dot points down, it talks about the m.Net project, which maximises opportunities for the state from wireless infrastructure and its applications. Could the minister describe what funding if any is put aside for the next four years for that project, what outcomes have been achieved from our investment and what the future holds for the m.Net program?

**The Hon. R.J. McEWEN:** That is actually a national project, one of the three national innovation initiatives funded by the commonwealth government under the Advanced Network Program (ANP). Yes, BMT has committed \$1.8 million over three years, of which \$800 000 is in cash, to support the project and specifically to partially fund m.Net's industry program. The final payment of \$200 000 will be made in July 2003 subject to appropriate milestones of the funding deed being met.

**Membership:**

Dr McFetridge substituted for Mr Meier.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 1, page 2.24. Excuse me if this overlaps the regional development questioning earlier, but if the minister is in a position to answer it I would be grateful. I notice in Program 5 on that page that the net cost of the program is to drop from \$10.1 million in 2001-02 to \$8.3 million in 2003-04. That is a \$1.8 million cut from the last year of the Liberal government to the coming year of the Labor government, and I note that most of that is from grants and subsidies under operating expenses, with a drop from \$9.3 million in 2001-02 to \$4.9 million in 2003-04 (grants and subsidies being, if you like, the meat or action end of this program). However, employee entitlements are to go up from \$590 000 in 2001-2 to \$1.2 million in 2003-04 and my examination of the books leads me to be concerned that the bureaucracy might be burgeoning and the actual grants, subsidies and action end of the program might be on the wane. Could the minister assure me that we are not reinvesting money from actual programs into empire creation?

**The Hon. R.J. McEWEN:** It must be terrible to go through life as a pessimist—I think a day being pessimistic is a day wasted. I will ask Elaine Bensted to walk you through that.

**Ms BENSTED:** The 2001-02 figure of \$10.228 million included some prepayments for programs that needed funding by 1 July. The actual level of funding across the program has remained fairly consistent. The increase in employee entitlements is purely and simply due to a transfer of some staff who previously sat within PIRSA, the Office of Regional Development that moved into this budget line. So the actual level of funding to the regional fund has stayed at a consistent level, regardless of any savings initiatives.

**Mr HAMILTON-SMITH:** Will the minister explain whether his department will be involved with the activities of the new Venture Capital Board? I know that the Venture Capital Board does not sit within the minister's responsibilities, but clearly there is a connection between Business, Manufacturing and Trade and the Venture Capital Board and I am interested in what interaction the minister foresees between the activities of his department and the activities of the board, if any.

**The Hon. R.J. McEWEN:** I do not know if that decision has been made yet. It depends on where we set the Investor Ready program. We will be giving advice, but I do not think the decision has been made yet as to how we are going to bulk all that up—whether it is appropriate to have two parts of that program sitting separately or whether we put it all within the office of Economic Development. As I said in my opening remarks, we are looking forward to having the permanent CE in place, because there are a number of decisions that I would prefer that CE be involved in.

This has been a bit of a difficulty for us over recent times because we have had to make more and more decisions, obviously in the absence of that position, whereas the long-term consequences of that will be the responsibility of the new Chief Executive. It is always my belief that it is much better to engage your Chief Executive in those decisions to ensure that they follow through. So, as much as we do whatever we can, it is my preference where possible to delay some of these decisions until we have a CE in place. Equally, it has been enormously frustrating, I can tell you, not only for Kevin but for Roger Hartley as well, over recent months.

sometimes the process of finding the right person takes longer than we would wish.

**Mr HAMILTON-SMITH:** Budget Paper 4, Volume 1, page 2.11 refers to the Office of Economic Development, which is an office to which the minister's department is linked in the budget but for which he is not responsible. It mentions that an amount of funding, I think it is \$2 million, will be spent on supporting creative industries and film production. Is there any money from the minister's department and from the minister's budget anywhere which is to be invested in the arts or tourism portfolio areas? Is any money being spent, for example, on film or arts-related activities or projects, business development or tourism, and how much is being expended in those two areas?

**Mr CALLAGHAN:** Yes, we do have some funding within Business, Manufacturing and Trade. It is within the Centre for Innovation, Business and Manufacturing and is utilised to help local businesses who are either in the tourism or in the arts and cultural areas who are looking to expand. So most of that assistance is for enterprise improvement related activities such as business planning, market development, etc. Once again, this assistance has the focus on anybody who is along the path to exports or into exports. We are talking about relatively small amounts of funding—probably in the vicinity of around \$170 000 per sector—out of SBM for those two. So we are not talking anywhere near big money.

**Membership:**

Mr Williams substituted for Ms Penfold.

**The Hon. R.J. McEWEN:** I would like to say thank you to the staff who have supported me this afternoon.

**Mr HAMILTON-SMITH:** I would also like to thank the staff who have laboured long and hard in preparation for the estimates and indicate our appreciation for that.

**Additional Departmental Adviser:**

Mr I. Millard, Chief Executive, Forestry SA.

**The Hon. R.J. McEWEN:** Over the last 12 months the performance of the corporate entity has obviously been excellent. It has been a very good market environment with HomeStarts, etc., and that is in part due to the federal government's response to criticism over the GST and the first home buyers grant. We as the only shareholder will be about \$7.8 million ahead of where we thought we were going to be. We have had extra dividend over and above the very generous dividend provided to the shareholder, anyway. It has been a good time, but we have to acknowledge that things will get more difficult as we go forward. If you are picking up future investment now in HomeStarts, you will pay for this later. It is just an early instalment on what would normally be a future dividend. Other than that the only other big issue that was discussed was the re-equipping of the fire suppression and prevention capacity, and Mr Millard can indicate where we are up to with that acquisition program.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 3 (page 6.12), under South Australian Forestry Corporation. On 23 May 2003, the government announced a major upgrade of the Forestry SA fire truck fleet. According to Minister Conlon's media release, this is a \$9.3 million project involving the phasing in of 14 new fire trucks over the next two years. This is not the first time Forestry SA fire trucks have been a highlight of the budget. This initiative was

originally announced by the former Liberal government as a \$9.8 million project. Will the \$500 000 cut result in fewer fire trucks being delivered than were catered for in the \$9.8 million allocation by the former Liberal government and, if not, how has this \$500 000 saving been achieved?

**The Hon. R.J. McEWEN:** Again, if the member had followed this debate in the house, he would have known the answer already and would not have had to ask us again. There are a couple of reasons for it, one of which is obviously the exchange rate. We are now able to purchase at a more competitive price than we could a little while ago. We are getting exactly what we are paying for. In fact, in a number of instances, we are getting it a bit more cheaply. Fantastic! There is no cut anywhere. It is a matter of delivering a quality product in the most cost-effective way possible. I am sure that if we were paying any more, 'blow-out' and all those other words would be used. We are getting a good deal at a slightly more reduced price than was estimated. We have actuals in front of us now, because we are working with the contracts.

**Mr WILLIAMS:** I refer to Budget Paper 3 (page 6.12). Given that Forestry SA receives most of its revenue from its commercial operations, what percentage of this revenue is derived from the export of whole logs, and why does Forestry SA export whole log?

**The Hon. R.J. McEWEN:** I will see whether Mr Millard has further detail. In terms of a broad policy setting, we would only ever export log when we did not have a reason to use it locally. I have already had this discussion with the chairman of the board. It is certainly within our charter to add as much value as possible to that resource locally under all circumstances. That notwithstanding, there are times when that commodity is exported and we keep an eye on that.

**Mr MILLARD:** I do not have the exact payments regarding the revenue we get from log sales. It is fair to point out that the vast majority of what we collect in log sales through Portland is returned to the forest owner as stumpage in hauling and falling. Most of it is paid to local contractors. We can get the numbers for you.

**Mr WILLIAMS:** As a follow-up to that, are the contracts to supply whole of log shipped out of Portland long-term contracts? If another party came along which could utilise that timber and give a similar return to Forestry SA for that material, how long would we be tied up to these export contracts?

**The Hon. R.J. McEWEN:** I am advised one contract of 20 000 cubic metres is for five years; the others are only annual contracts. The five-year contract would have 3½ years to run.

**Mr WILLIAMS:** Notwithstanding that the minister does not have the figures, can he quantify it in terms of tonnes of round wood exported? I do not mind if you take it on notice. I refer to the same budget paper (page 6), appendix D. In the Consolidated Account, under contributions from state undertakings, it indicates that the Forestry SA dividend was budgeted at \$20 100 000. The actual figure is estimated to be \$26 201 000, whereas the tax equivalent is \$9 161 000, and there is no change. Why is there a substantial change from the budget to the estimated result but no change in the income tax equivalent?

**Mr MILLARD:** There is a difference between when the tax is paid and when it is accounted for. This shows the estimated receipts in 2002-03 and 2003-04. More tax will be paid, but it always lags by a quarter.

**Dr McFETRIDGE:** What CSO funding was paid to the South Australian Forestry Corporation during the previous

financial year; what funding will be provided this financial year; and can the minister outline any changes in the agreement between Forestry SA and the Treasurer as to what services will be funded?

**The Hon. R.J. McEWEN:** Business as normal; there are no changes; there is only inflation in that.

**Dr McFETRIDGE:** Five per cent?

**The Hon. R.J. McEWEN:** From \$3.152 million to \$5.652 million; not even 5 per cent.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 3 (page 6.12)—South Australian Forestry Corporation. My question is about market conditions. The budget papers recognise an above budget result and dividend payment in 2002-03 (to which the minister referred earlier) arising from the buoyant market conditions, but they predict that the outlook is a little less certain. What market conditions affecting commercial sales are predicted to change during the 2003-04 financial year?

**The Hon. R.J. McEWEN:** Normally, housing starts are one of the key indicators of market buoyancy or otherwise, although the nature of the market is always changing. As people invest more in real estate rather than in equity markets and elsewhere, other circumstances change. You would have to expect that the normal predictor of housing starts will slow down, but, if people are investing money in investment properties and renovating and that sort of thing, there are some other circumstances involved, but generally you would have to expect that it will slow down on a couple of fronts. The chief executive makes the point that, depending on what the mix of construction is in terms of extensions and renovations, that is obviously different from the new housing starts.

**Mr WILLIAMS:** I refer to Budget Paper 3 (page 6.12), where it is stated:

The key functions and activities of Forestry SA are to manage plantation forests for commercial production and, amongst other things, to facilitate regionally based economic activities based on forestry.

I think it is a couple of years old now, but, considering the federal governments *20-20 Vision* for forestry in Australia and the move worldwide towards plantation forests, what is the medium to long-term strategy of Forestry SA vis-a-vis the amount of production and the area of forestry plantation in South Australia?

**The Hon. R.J. McEWEN:** There are a number of questions in that in terms of not only the public estate that Forestry SA owns and manages on our behalf but also the support that it gives directly and indirectly through plantation committees and other vehicles to private investment, and then you are going beyond the core species of the department (radiata pine) to eucalypt species (mainly globulus), etc. Internally, I think there is the hope of actually not only replanting areas that are felled but to add to the estate about 1 500 to 2 000 hectares a year—that is directly ourselves—but on top of that doing whatever we can to encourage the expansion of that forest estate on both sides of the border and, equally, to encourage people looking at value adding to ensure that, as some of those new volumes come on board, more of them will be used locally.

I know that the member does not have the same view as I do about spending some money to establish other value adding uses, particularly for globulus; he said that the \$60 000 I gave to the Limestone Coast Redevelopment Board was a waste of money. I do not believe it is; I believe we have to not only use the department's skill base but our regional development board as well to keep an eye on the fact that we

have extra resources coming on. The last thing that we want to do is to see that exported in the least valued components. If we add any value to even part of that, we will achieve the other objective to which the member for MacKillop pointed, which is to use this resource to grow value adding opportunities in the region.

**The CHAIRMAN:** One more question.

**Mr WILLIAMS:** I am delighted that the minister raised that last matter of the \$60 000 that has been ear-marked for the local Economic Development Board to look into value-adding opportunities for forestry because it was the topic of my last question. I know that, at the time of the announcement, one of the things to be looked at particularly was the opportunity for establishing a new pulp mill in the South-East of South Australia. What advice does the minister have on the volumes that would be necessary to sustain such a new industry in the South-East, particularly one based on hardwood production?

**The Hon. R.J. McEWEN:** I think that the question relates to what value-adding one is talking about. In terms of a world-scale pulp mill, though, a million cubic metres a year would be required to feed a mill like that. Is that available in a sustainable way? I cannot see it from where we are at the moment. Therefore, do I expect the pulp mill to be the answer? Not necessarily. But, obviously, you see boutique mills of all sorts. What we might find out of this, though, is a number of people putting some money into research and development and finding a number of uses for eucalypts.

It will mean adapting a lot of the technologies we have got. Equally, though, over nearly 100 years we have experimented and learnt to deal with *Pinus radiata*, which is a very difficult species. We have got to the stage now where we are world leaders in terms of how to manage, to dry, to saw and to use that product. So, the only problem we will have with eucalypts is that the resource will be coming on a lot faster than we will be developing the technologies to use it. So, in the early days, I see most of it being chipped and exported but, over time, let us hope that we can find value for it locally.

But, equally, in the next rotation, I would not assume for one minute that the only species that will be planted will be blue gums. I think that out of that people who start to get used to forestry as a land use will start thinking more about using that land for other species—angiosperms and gymnosperms, which will mean something to the member for MacKillop but not necessarily to everyone elsewhere. Over time I can see that this is a positive in terms of developing a broader forestry culture through the region. It is a culture that has driven, more than any other development, the economic base of the South-East.

Never underestimate how important the timber industry has been in putting wages into pockets of people every week and investment into the town because the shareholder risk has been elsewhere. It has actually driven so many of the small businesses, whereas other rural activities tend to be far more cyclical depending upon commodity prices, and it tends to be that small businesses spend money only when they are making it. Whereas here the shareholder risk is somewhere else but the wages are in the town every week. You put 4 000 jobs—and 4 000 pay packets—into a town every week and it is amazing what else grows from it. I think that sometimes we are not respectful enough of the incredible contribution the forestry industry has made, particularly to my electorate and to the electorate of the member for McKillop.

**The CHAIRMAN:** Minister, given that we are about to conclude, would you like to repeat those words, just for the benefit of Hansard, who might have difficulty finding you later.

**The Hon. R.J. McEWEN:** I was being naughty. Flowering trees and non-flowering trees. They are two new words for *Hansard* today.

**The CHAIRMAN:** The time agreed for examination of this vote having expired, I declare the examination completed.

#### ADJOURNMENT

At 6.24 p.m. the committee adjourned until Tuesday 24 May at 11 a.m.