

HOUSE OF ASSEMBLY**Friday 18 June 2004****ESTIMATES COMMITTEE B****Chair:**

Ms M.G. Thompson

Members:

Ms L.R. Breuer
 The Hon. G.M. Gunn
 Mr M.F. O'Brien
 Mr J.R. Rau
 Mr I.H. Venning
 Mr M.R. Williams

The Committee met at 9.30 a.m.

Department of Primary Industries and Resources
 (including appropriation borrowings), \$113 809 000
 Administered Items for the Department of Primary
 Industries and Resources, \$92 335 000

Witness:

The Hon. P. Holloway, Minister for Industry, Trade and
 Regional Development, Minister for Mineral Resources
 Development, Minister for Small Business.

Departmental Advisers:

Mr J. Hallion, Chief Executive, Primary Industries and
 Resources SA.
 Mr G. Knight, Executive Director, Corporate.
 Mr B. Goldstein, Acting Executive Director, Minerals and
 Energy.
 Mr P. Heithersay, Acting Director, Mineral Resources.
 Mr S. Archer, Director, Finance and Business Services.

The CHAIR: I declare the proposed payments reopened for examination and refer members to the Budget Statement, Appendix C, page C2 and the Portfolio Statements, Volume 2, Part 5, in particular pages 5.1 to 5.17. There are also some protocols relating to estimates. The estimates committees are a relatively informal procedure and as such there is no need to stand to ask or answer questions. The committee will determine an approximate time for the consideration of proposed payments to facilitate the change over of departmental advisers. I ask the minister and the lead speaker for the opposition to indicate whether they have agreed on a timetable for today's proceedings and, if so, to provide the chair with a copy.

The Hon. P. HOLLOWAY: Yes, Madam Chair.

The CHAIR: Changes to committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 23 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 and not the minister's advisers. The minister may refer questions to advisers for a response. Does the minister wish to make an opening statement?

The Hon. P. HOLLOWAY: Yes, Madam Chair. I could not let this opportunity go without making a couple of comments about the great survey result achieved by South Australia this year. South Australia was ranked No.1 in the world, with a score of 100 per cent, in the geological data base category and equal first in the categories of labour regulation, employment agreements, political stability and socio-economic agreements. This reflects the considered view of Australian International Mineral Explorers through the 2003-04 Fraser Institute annual survey of mining companies, which ranks the performance of more than 53 jurisdictions in key policy and service areas. This state ranks third in the policy potential index and scored equal third in a number of other categories.

South Australia's middling rank of thirty-second for the mineral potential index reflects companies executives' perception of nature's bounty in the form of exploration potential. We strongly believe that this perception is incorrect and that changing this perception is critical to South Australia's economic development and will be specifically addressed in the governments new initiative that I will discuss in more detail later.

To turn to exploration activity, as at May 2004, 422 mineral exploration licences were held, with 232 000 square kilometres (or 24 per cent of the state) under licence. Total expenditure on mineral exploration in South Australia for the financial year 2002-03 was \$36.7 million, compared with \$32.1 million for 2001-02—a 13 per cent increase. In 2004-05, my department estimates that the upward trend will continue towards \$40 million. From Australian Bureau of Statistics figures, total Australian exploration in 2002-03 increased by 14 per cent, with South Australia contributing 5 per cent of that total. The South Australian figures are significant, because almost all the investment is in greenfields exploration, which is likely to increase the probability of further discoveries. Currently, 43 petroleum exploration licences (PELs) and 44 petroleum exploration licence applications (PELAs) cover more than 80 per cent of the state's onshore prospective areas. Petroleum drilling and seismic acquisition total approximately \$58 million this year. Record levels of drilling activity are expected in the state in 2006-07 and should result in further commercial success for explorers and resultant royalties.

South Australia is on the threshold of a boom in exploration, and the state government is strongly committed to encouraging mineral exploration in these four key areas. A total of \$15 million will be spent over the next five years in an effort to treble investment in mining exploration by 2007

and raise yearly mineral production to \$3 billion by 2020. The comprehensive package of measures will provide incentives to accelerate the rate of exploration in the state and is ultimately aimed at ensuring that strategic plan targets for the year 2020 are met. The package includes:

- \$1.5 million over five years on measures to balance conservation with resource development, with the aim of improving land access decision-making under a multiple use land framework;
- \$1.5 million over five years to assist in developing sustainable communities, particularly on the APY lands;
- \$5 million over three years to fund drilling partnerships with private industry;
- acceleration of pre-competitive geophysics capture to the tune of \$2.75 million over three years;
- a \$1.25 million baseline geochemical survey of the entire state;
- \$1.2 million awarded to the University of Adelaide to create a new professorial chair focused on exploration undercover;
- \$1.6 million in ensuring that South Australia maintains its No. 1 rating in geoscience information by delivering a three-dimensional view and database of the South Australian geoscientific data; and
- \$200 000 to aggressively promote the state's mineral potential by the appointment of a high profile resources industry ambassador.

The South Australian government is working towards fair and sustainable land access with the agreement of native title applicants and both mineral and petroleum explorers. In fact, South Australia is currently leading Australia with successful land access agreements with Aboriginal interests and explorers for both petroleum and mineral exploration. On the subject of ILUAs, South Australia is also leading Australia with success in negotiating agreements for access to native title land for mineral exploration.

Last year the state government, the South Australian Chamber of Mines and Energy and the Aboriginal Legal Rights Movement finalised two indigenous land use agreements. One ILUA has already been registered with the National Native Title Tribunal, and it is expected that a second will be registered in August 2004. These ILUAs meet the government's objective of negotiating rather than engaging inexpensive and divisive native title litigation and foster greater cooperation and understanding between explorers and Aboriginal people.

Mineral projects: South Australia has a number of advanced mineral projects. In the Northern Gawler Craton, Dominion Mining has continued exploration success at Challenger, with an increased underground resource figure of 257 400 ounces of gold. Helix Resources has announced development plans for Area 223 within the Tungkilla Prospect. Costs for exploration, drilling and feasibility studies in 2004 are estimated at \$7.18 million, with mine capital costs estimated at \$20 million to \$25 million. In the Murray Mallee, Southern Titanium has announced an increased mining reserve of 84.5 million tonnes, at 3.8 per cent heavy minerals. Mining is expected to begin in 2005, with a total project cost of \$68 million.

I take this opportunity to address a question raised in parliament on 3 June this year. On that occasion it was suggested that funding for the recently announced exploration initiative, 'Plan for accelerating exploration: resource investment initiatives', was simply a rebranding of existing budget figures with the addition of a mere \$442 000. I can

advise the committee that the \$15 million over five years of the new initiative on accelerating exploration is all new funding, with an amount of \$4.6 million in 2004-05. This increase is clearly reflected on page 5.7 of the PIRSA Portfolio Statements, when comparing the 2004-05 budget to the 2003-04 estimated result, where net cost of services of mineral resources programs 1 to 4 increased by \$5.2 million, that is, from \$12.9 million to \$18.1 million.

However, if you compare the 2004-05 budget to the 2003-04 budget, it gives the impression that the increase is only \$542 000. This is a false impression brought about by presentational error in the preparation of the 2003-04 budget, whereby a revenue amount of \$3.6 million was inadvertently allocated across all PIRSA programs as an accrual rather than to mineral resources program 2. Had this revenue been allocated correctly, the net cost of services for the 2003-04 budget for mineral resources programs 1 to 4 would have been reduced by \$3.6 million, and the increase in budgeted net costs of services—that is, budget on budget—would have been \$4.1 million, not \$5 million. As I indicated earlier, the 2003-04 estimated result has been adjusted to reflect the correct allocation of revenue. If the opposition requires further information, I am happy to provide it either during the course of these estimates or for the shadow minister to have a briefing on that issue afterwards. To conclude, there is a lot of good news coming from the minerals and petroleum sector of the state's economy, and I believe there is more to come. This budget aims to position PIRSA to deliver more good results into the future.

Mr WILLIAMS: I will be very brief. I acknowledge what the minister has said. However, the opposition is disappointed with the attitude that the government has taken, from a whole of government perspective, to the mining industry. We understand that the people within this department are presenting good factual geological data to the industry, but the whole of government attitude to the mining industry is much less than the minister would have us believe. He mentioned that we were ranked first in the world with regard to that geological data, and he talked about the work force that is available in South Australia. However, he did not mention the upcoming Fair Work Bill, which I believe will shortly be before the house. That will have a significant adverse impact not only on the mining industry but on every industry across Australia. The government is also firmly in bed with the conservation industry in South Australia, and the mining people I talk to—both in the chamber and individual miners—are very concerned about problems with access to land, and we will come to those issues as we question the minister on various aspects of his budget.

Overall, the opposition is quite disappointed. We believe, as the state strategic plan points out, that South Australia should be doing much better than it is. If we are talking about increasing exports by a factor of three over the next 10 years, the opposition believes that one of the areas where we can really make a big difference is the mining sector. We believe there is great potential in the mining sector to markedly increase exports, probably more than in any other sector of the state's economy. Consequently, we would like to see a lot more emphasis put on encouraging miners to come to South Australia. Having said that, it was interesting that the minister sought to correct the budget papers on the matter raised about the lack of consistency, I guess, with the claim that there was \$15 million in a new program over the next five years yet the current budget paper does not reflect that. I will certainly ask

the minister to provide the committee with more details on that matter.

With regard to the new initiative, although the minister said that this is new money and as the program goes forward—and state budgets only reflect out to four years from the budget date—I am sure the minister would acknowledge that this is merely an ongoing program. In his opening statement he did say that the geological database has been ranked as the best in the world and, obviously, this has been built up over a long period of time. It has not happened over the past two years; it has happened well over 10 years; and the amount of money that is projected to be spent on increasing the database and disseminating that across the industry is similar to what has been spent for, probably, 10 years at least.

Mr VENNING: Paltry!

Mr WILLIAMS: It is an important amount of money but, relative to the revenues that flow from the mining industry via royalties, it probably would be seen by the industry, as my colleague says, to be quite paltry. My first question to the minister is: does he acknowledge that the ongoing program—the publication about which is named ‘Unlocking South Australia’s Mineral and Energy: Potential Plan for Accelerating Exploration’—is merely a carrying on of the good work that has been done by his department and by governments of both political persuasions over a lengthy period of time?

The Hon. P. HOLLOWAY: There has certainly been a lot of good work done by all governments over a lengthy period of time since it began around 1992 when, I think, Frank Blevins was minister for mines and initiated the targeted exploration initiative in South Australia. However, I certainly refute the suggestion that this is just a continuation of that. It is actually a very substantial addition to what has been done in the past. One only has to look at page 5.9 of the budget papers, the Information Services Program, to see that the budget for this year is \$13.216 million compared to an estimated result of \$8.8 million for 2003-04, which was comparable with the actual result in 2002-03 of \$8.37 million.

So there is a very substantial increase in this program and, indeed, there are a number of new initiatives which I outlined in my opening remarks. For example, the \$1.25 million on the baseline geochemical survey and, as we announced, there is actually an acceleration of that pre-competitive geophysics capture of \$2.75 million over the three years. There are also the measures to balance conservation with resource development to improve land access making decisions, and another \$1.5 million to assist in developing sustainable communities, particularly on the APY lands, because—as the shadow minister rightfully said in his opening remarks—access is a key issue for the industry and we hope that some of the initiatives we have taken in the APY lands will go a long way towards resolving that particular issue.

There is also, of course, the \$1.2 million awarded to the University of Adelaide to create a new professorial chair on exploration under cover which will significantly boost the knowledge base on this. There is \$1.6 million to ensure that we maintain our number one rating by delivering a three-dimensional view of the database. This is a completely new extension of the work that the department has been undertaking. As I said earlier, we are number one in the world as a result of that two-dimensional work but we need to stay ahead, and that is why we have to expend significantly more to ensure that, with the new three-dimensional technology, we stay at the forefront.

Finally, I point out that the Targeted Exploration Initiative of South Australia (TEISA), which has been an ongoing program for 10 years, is now being built into the ongoing core funding for PIRSA. It was previously three-year one of-type funding but was extended and we have now built that into our forward estimates. This additional \$15 million is over and above that to boost our efforts in those areas that I indicated earlier.

Mr WILLIAMS: In regard to the last comment the minister made about TEISA program (Target Exploration Initiative SA), in this government’s first budget it said that \$1.14 million would be put into the TEISA 2020 program and that that figure would rise to \$2 million per year over five years. The plan for accelerated exploration indicates that \$4.55 million will be spent in 2004-05. Does this mean that the \$4.55 million and the \$1.14 million (or whatever the figure would have been for this financial year) will both be spent on this program during this 2004-05 year, giving a total of at least \$5.7 million? Or, does the \$4.55 million include the amount of money that would have been spent in the TEISA program?

The Hon. P. HOLLOWAY: No, it does not include it. My advice is that \$1.8 million would have been forthcoming under the previous program. That is locked into the forward funding indicator. There will be an additional \$4.6 million, although that \$4.6 million for the package will go to all those seven or eight elements of the package that I announced. Part of the package will be to the additional capture of geophysical information.

Mr WILLIAMS: I will just clarify that. Are you saying that the \$1.8 million for this year is on top of the \$4.6 million?

The Hon. P. HOLLOWAY: Yes. The \$4.6 million is the new funding for this year under the package of \$15 million over five years. That will be over and above that core funding of \$1.8 million.

Mr WILLIAMS: In light of that answer, the pamphlet produced by the department ‘Unlocking South Australia’s mineral energy potential: a plan for accelerated exploration,’ has a comprehensive table of eight strategies that the \$15 million will be spent on over the next five years. On what in particular will the \$1.8 million from the ongoing TEISA program be spent?

The Hon. P. HOLLOWAY: Sorry; we indicated earlier that there was \$1.8 million which, of course, is not part of this package but which is part of the ongoing TEISA program. Are you are asking about a particular program in those eight programs? Presumably you are looking at—

Mr WILLIAMS: Some of the previous eight TEISA programs are new, and they were not included in the original TEISA or the TEISA 2020 program. Is the \$1.8 million going to be spread across all eight programs, or will it be spent predominantly on drilling and collating and disseminating data?

The Hon. P. HOLLOWAY: Again, I can only reiterate the point I made earlier: the \$1.8 million is not part of the plan for accelerated exploration. It is separate, but if you want to know where we are spending that \$1.8 million we can provide the information. The target exploration initiative funding has the strategic aim of realising the resource potential of South Australia. The government signalled its support of the mineral exploration industry by supporting TEISA 2020 and ongoing continuation of the TEISA program. I make the point that we actually built that funding out into the forward estimates. Previously it was just a

program that had a four year life, but we have actually built that in as a permanent part of the department's activities.

The TEISA program focuses on providing pre-competitive geoscientific data to the mineral and petroleum industries, and it now underpins the new path to accelerating exploration initiative. The TEISA 2020 program derives leverage and ensures relevancy from collaborative arrangements within industry, research agencies and other government organisations that are contributing expertise and exploration data. The highlights for the program to date include company report scanning. The aim of this project is the scanning of company exploration reports, geological and geophysical, into a high-quality digital format. Documents in digital format are made available for downloading through the South Australian Resources Information Geoserver (SARIG).

The project is designed with yearly targets for production and output set to insure completion within five years. In 2003-04 the project is on target to achieve 200 000 pages scanned. Scanning and imaging of open file company reports and other documents have been identified as one of the key priorities to underpin the new plan for accelerating exploration. I assume that that will continue in 2004-05. I have essentially given you an indication of what we did in 2003-04, but that will continue in the forthcoming financial year.

Other highlights include the geochemical database. This project involves the compilation of open file hard-copy surface exploration geochemistry data from regional investigations and company exploration throughout South Australia into a digital data base. Digital access to such data enables use in GIS systems to undertake prospectivity mapping and to generate exploration targets. Currently there are 121 000 surface geochemical samples on the PIRSA database, SA_GEODATA. This compares with about 50 000 before the commencement of the program. Baseline geochemical data acquisition and consolidation into the PIRSA database has been identified as one of the key priorities in the new plan for accelerating exploration. Another highlight is the Curnamona sediment and regolith. Regolith mapping is a key component of the TEISA 2020 program, and this continued in the Mingary and Kalabity areas. This mapping will assist exploration of these areas, particularly the design of effective geochemical exploration programs.

A comprehensive review has been completed of drill-hole and other exploration information for the Callabonna Sub-Basin sediments in the Curnamona, a 1:250 000 sheet area. A revised map of potentially uranium-bearing palaeochannels has been completed and made available. Further work on the three-dimensional architecture of the sub-basin is planned for 2004-05. A depth to basement database and contour image for the Curnamona Province is in preparation. These projects, together with several collaborative research projects being undertaken by the University of Adelaide, are part of PIRSA's involvement with the Cooperative Research Centre for Landscape Environments and Mineral Exploration (CRC LEME). Further projects to assist the design of appropriate exploration strategies for different regolith and sediment cover regimes are in planning.

With respect to petroleum, funding has been directed to Australian School of Petroleum research aimed at reducing critical exploration uncertainties in South Australian basins. The State Chair in Petroleum Reservoir Properties/Petrophysics, Professor Richard Hillis, has led the research effort with a focus on the Otway Basin, CO₂ sequestration and the geothermal energy potential of South Australia in 2003-04.

That has really been the focus of activity under the TEISA 2020 program. I will see whether the department officials wish to add anything. The continuation of those programs is where the money will be spent in 2004-05.

Mr WILLIAMS: I refer to the table in Budget Paper 4, Volume 2, page 5.9. The minister has indicated that that is where the extra \$4.6 million for this year is being expended. It appears that most of that money will be spent in the line under 'Supplies and services'. It will grow from an estimated result in 2003-04 of \$2.3 million to an estimated result of \$5.8 million. Does that indicate that most of this money will be spent outside the department, and what specific items will it be spent on? Will it be principally consultants?

The Hon. P. HOLLOWAY: The honourable member is referring, under 'Supplies and services', to the apparent increase from the estimated result of last year to the budget this year of \$3.463 million. The increase in 2004-05 is due to the new plan for accelerating exploration, \$3.1 million, and increases in the TEISA program announced in the 2002-03 budget, which was \$0.2 million. We were talking earlier about \$1.8 million for TEISA. Presumably, that has gone up by \$0.2 million from last year, and the plan for accelerating exploration, \$3.1 million. That is classified as a service. The breakdown was as the honourable member referred to in the plan that has been released: the components of it are in there. I will ask Paul Heithersay to provide a fuller explanation.

Mr HEITHERSAY: I think the issue is that some of the programs we have developed necessarily incur outside survey firms—for example, aeromagnetic surveys traditionally are done by contractors and seismic surveys are also done by contractors. Some of the geochemistry that we plan will also be done by outside contractors, because they are kitted up to do this sort of work and the department is not. However, it will all be managed by individuals in the department and it will be contracted out only where we do not have the capacity to do it internally in the time that we have allocated to ourselves.

Mr O'BRIEN: I refer to page 5.13. I note that an increased allocation of \$3.663 million has been made over the next five years for increased compliance regulation activity in the mining and petroleum industries. Can the minister explain why such a large increase in compliance regulation is necessary and what benefits are expected to accrue to the state?

The Hon. P. HOLLOWAY: I thank the honourable member for his question, because he has drawn attention to a very important issue. As is well known, the minerals and petroleum industries are key aspects of the economy of South Australia. What is not so well understood and appreciated is the vital role played by compliance regulation in ensuring that the full value of these industries is realised in a way that benefits South Australia to the fullest extent possible, including environmentally and socially as well as financially. The increase in the budget that was referred to by the member for Napier, which represents increased funding in 2004-05 for compliance of nearly 20 per cent over-expenditure in the 2003-04 year (\$3.449 million compared to \$2.888 million) and the high levels in the following three years has, in effect, been necessitated by the success of this government's work in promoting sustainable exploration and resource development activity.

The key purpose of the state's compliance regulatory role in mining and petroleum is to manage potential risks to achieve good outcomes for the environment, public safety and social and cultural values. Providing the community with

increased confidence in the management of the state's resources is important in maintaining access to resources, developing vibrant resources investment and sustaining future levels of employment royalties and regional development. PIRSA's strategic plan includes a goal for the mining industry to exceed the community's environmental, social and economic expectation.

The cost pressure on agency regulatory resources for the mining and petroleum industries has resulted from increases in the new resource exploration development projects; increased engagement of community and agency stakeholders in decision making and development of co-administration arrangements as required under state and commonwealth legislation; the delegation of regulatory responsibilities to PIRSA from other agencies—for example, native vegetation clearance and prescription of ground water in the Great Artesian Basin are just two of those; the need to sustain significant regulatory resources in relation to the activities of longstanding operators (for example, the management of potential gas supply shortfalls following the 1 January 2004 incident at the Moomba plant); and potential risks of future mishaps.

The funding will impact in the Outback, particularly the Gawler Craton, the Anangu Pitjantjatjara lands and the Cooper Basin, where increased exploration activity has led to the need for higher compliance monitoring costs. The funding will also enable increased resources to be devoted to developing management plans at Port Pirie and Radium Hill to ensure timely compliance with the conditions of registration under the Radiation Protection and Control Act 1982 and the recommendations in the EPO's radioactive waste audit relating to these sites.

Mr O'BRIEN: What is the progress in developing geothermal energy in South Australia?

The Hon. P. HOLLOWAY: I thank the honourable member again for his question.

The Hon. G.M. Gunn interjecting:

The Hon. P. HOLLOWAY: They are indeed. What I can tell the committee is that South Australia is well ahead of Queensland on this issue. Members might have noticed that Premier Beattie made some claims about this earlier this year, but South Australia is well in front in this area, I am pleased to say. A well was drilled last year to a 4.2 kilometre depth by Geodynamics near Innamincka in the Far North of the state to access hot granites buried beneath three kilometres of sediments. The well was subsequently tested and a natural fracture network was found in the granite which was unexpected and which significantly increased the likelihood of the resource being successfully exploited. Geodynamics is not the only company involved in geothermal exploration in South Australia and, over the last year, South Australia has attracted a number of new companies to take up licences.

Currently there are 11 geothermal exploration licences (GELs), with four proponents of generating electricity from emission-free hot rock geothermal energy, and they are: Geodynamics, Scopenergy, Minotaur's affiliate Petrathern and the Perilya/Green Rock Energy Joint Venture. In addition, five applications for GELs have recently been lodged with PIRSA by Scopenergy and a new geothermal explorer, Tasman Resources. Minotaur plans to raise capital for its geothermal venture through an initial public offering of a newly formed company named Petrathern. The University of Adelaide will be assigned about 2 per cent of the initial capital in Petrathern in return for its intellectual inputs to the projects. If initial exploration is successful, the total potential

investment in geothermal energy in South Australia over the next five years may reach over \$190 million, plus South Australia would become a major electricity exporting state. South Australia is on track to be justifiably called the 'geothermal state'.

Mr O'BRIEN: Could the minister provide information on offshore petroleum exploration levels?

The Hon. P. HOLLOWAY: Most of the prospective offshore South Australian acreage is currently held under eight exploration permits. There are five exploration permits in the Bight Basin: four are operated by Woodside and one is operated by SANTOS. There are three exploration permits in the Otway Basin: one each operated by Great Artesian Oil and Gas, Kerr McGee and United Oil and Gas. These basins are only lightly explored by world standards. In 2003, Woodside drilled Gnarlyknots-1 to 4 736 metres (below sea level) in 1 313 metres of water in EPP 29 in the central Bight Basin. Whilst that well was plugged and abandoned without encountering economic petroleum, Woodside remains encouraged to continue to explore three exploration areas in the offshore Bight Basin. That covers 62 370 square kilometres. Further east in the Bight Basin, SANTOS acquired over 500 kilometres of new seismic data and reprocessed over 1 500 kilometres of existing seismic.

Activity in other permits has focused on geological and geophysical studies this year. The guaranteed permit activity in 2004 includes geological and geophysical studies in seismic acquisition, representing an exploration investment of about \$3.75 million. Results of this work will be applied towards locating exploration targets and drilling up to eight wells by 2009. Future offshore South Australian acreage releases can qualify for the new commonwealth taxation incentive for frontier exploration areas announced in the 2004 budget. This provides for an immediate uplift to 150 per cent on petroleum resource rent tax deductions for exploration expenditure. This should, in future, assist marketing efforts to attract work program bids for frontier acreage in offshore South Australia.

Mr VENNING: I want to congratulate you, Madam Chair, on the good job you are doing. I also want to say how much we are missing the minister in primary industries. We certainly became used to very good service. I am afraid we are very disappointed at the moment, but we can still talk to him. My first question relates to Budget Paper 4—

Ms Breuer interjecting:

Mr VENNING: We have always had a good relationship, member for Giles. I refer to Budget Paper 4, page 5.13, which is all about royalty rates. It is noted in the performance commentary that cabinet has endorsed a proposal to increase the royalty rate from 2.5 to 3.5 per cent. Since this was announced in the last budget, I am sure that it was assumed that cabinet had signed off on this proposal. Since the proposal was announced in last year's budget, and cabinet has endorsed the proposal, what form is the stakeholders' consultation taking and is the consultation being held in the literal sense, that is, seeking feedback to help with formulation of policy, or is it merely the political form of consultation where the stakeholders are being told it is a fait accompli?

The Hon. P. HOLLOWAY: I think the honourable member would probably remember the background in which this was announced. Currently, Western Mining Corporation at their Olympic Dam operations pay 3.5 per cent royalty rates, and far and away the largest proportion of mining royalties paid in this state come from those Western Mining

operations. As I understand it, the indenture runs out in December 2005, and the royalty rate, if it was not increased, would have reduced to 2.5 per cent, which would have reduced the state's income by approximately \$10 million a year.

The Hon. G.M. Gunn interjecting:

The Hon. P. HOLLOWAY: As I said, the reduction would have been \$10 million, which of course would have reduced the state's revenue for all purposes not only for mining but for schools, hospitals and everything else. That was the context in which that decision was announced, but it was announced such that the increase would range from 2.5 to 3.5 per cent so that there would be the capacity to keep the royalty rates at the same level—it is now 2.5 per cent—if that was considered necessary. An issues paper will be prepared by Primary Industries and Resources in July in relation to that. Discussions have been held with the chamber over a lengthy period. We still have another 18 months before the royalty rate would reduce in relation to the Olympic Dam operations, but over the forthcoming financial year we expect that we will be able to resolve those matters.

We are clearly mindful of the fact that we have a number of new mining operations which are likely to come on stream in the state, and we certainly do not want to deter those in relation to the royalty rates. However, we also need to act to protect the revenue base of the state. We are confident that we will be able to reach a result that will do that. If you look back at the estimates committees of 12 months ago, you will see provided at the time a significant amount of statistical information in relation to this issue.

Mr VENNING: There is a touch of irony about all of this when we think of the history. It is almost hypocrisy, not that I accuse this minister of being hypocritical, but he was a member of the government at the time when getting this thing started was very difficult, and now we see \$84 million from it. My question relates to mineral resources on page 5.49. Considering the answer that the minister just gave, the budget notes that the expected return to higher production levels at Olympic Dam will see an increase in royalty revenues of \$7.9 million from an estimated result of \$7.61 million in 2003-04 to \$84 million in 2004-05. As the minister said, the government intends to increase the royalty rate from 2.5 to 3.5 per cent as at December 2005 when the Roxby Downs indenture expires. In other words, as you said, it is to reduce back to 2.5. What negative impact does the government expect this will have on other exploration by mining companies across the state and was an impact statement prepared on this proposal and, if so, will the minister make it public? Was Western Mining aware that the level would return back up to 3.5 per cent?

The Hon. P. HOLLOWAY: As I said, these decisions were made more than 12 months ago, so I will have to refresh my memory. My understanding is that there was some communication in relation to that, at least to the extent that was possible, given that it was a budget decision, in relation to having impact statements. That was a budgetary decision that needed to be considered in a different light. All budget decisions are subject to considerable debate within cabinet, within government, prior to announcing it. If you are talking about changing royalty rates, they are subject to significant debate.

If you come back to page 5.49, that increase really has nothing to do with any proposed increase in mining royalties. As I have said, we are not looking at that taking place for another 18 months. The expected income really is due to

increased projects, and I think that last year, again if my memory serves me correctly, in estimates I answered the question about whether increased royalty rates were likely to have an impact on exploration. The answer was, essentially, no. Again I refer the honourable member to the answer I gave 12 months ago.

Mr VENNING: \$84 million is a lot of money. The minister flags my third question. In relation to the state resource regulation services program on page 5.12, why did the 2003-04 budget predict a reduction in fees and commissions raised under the state resource regulation services program from a little over \$5 million in 2002-03 down to only \$1.3 million, and why has the actual result reflected a figure closer to the previous year's result, that is, \$5.31 million?

The Hon. P. HOLLOWAY: That was the error that I referred to in my opening comments. It is quite complex, so I will ask Mr Hallion to explain it, but I apologise for that error appearing in the budget documents. I gave some detail in my earlier address but I will get Jim Hallion to explain it further.

Mr HALLION: The number relates to Budget Paper 4, Volume 2, page 5.12, Portfolio Statements. If you look at the 2003-04 budget line, you will see a figure of \$1.365 million, which is out of line for all the other figures for the 2002-03 actual and the 2003-04 estimated result and our 2004-05 budget. It is an error and it comes back to this issue about whether there is new money for the plan for exploration expansion, which there is. To that figure should have been added \$3.582 million to give a total revenue for that year of \$4.947 million.

That then affects the bottom line for the net cost of services for that line. It should have been, in fact, a negative \$380 000, not \$3.2 million as shown there. That also feeds back into page 5.7 of the same paper, where you will see in that table the same driver of an error in relation to the 2003-04 budget for this state resource regulation services program. In fact, that figure is \$3.202 million and should be negative \$380 000. The revenue is there in the totals on the bottom, and the totals are correct. That figure has been distributed over the whole of the agency's services rather than where it should have been. It is a revenue figure that has been allocated across the agency rather than to that specific program area.

The Hon. P. HOLLOWAY: Geoff Knight has something to add.

Mr KNIGHT: As to the origin of that, the member may recall that, last year, the portfolios of mineral resource development and agriculture, food and fisheries were combined under the minister. We have now split those, for obvious reasons. That error was not evident to us last year. It is only now that we have split the portfolios that we have discovered that minor bookkeeping issue.

Mr VENNING: It was with primary industries, now you are getting it back again?

Mr KNIGHT: Yes, in effect.

The Hon. G.M. GUNN: I note in the explanation to the Budget Statement, page 2.19, there are a number of dot points in relation to primary industries and resources. At the bottom of the page it is stated that the state energy needs will be reviewed with funding allocated for the development of the State Energy Plan. Can the minister give any indication to this committee what planning is taking place within his area or other parts of government to find an alternative source of energy when the coal supply at Leigh Creek runs out?

I point out to the minister that we have two power stations at Port Augusta that are absolutely essential to the energy needs of South Australia. They are base load power stations and, no matter what anybody says about wind power, the state needs base load power stations to guarantee a regular source of power. The Leigh Creek coalfields are an efficiently run and managed operation and NRG Flinders has done a great job in spending a lot of money at Port Augusta—\$150 million on the power station. Obviously the government needs to cooperate with it to ensure that, when the coal supply is exhausted, we have adequate supplies to maintain the efficient operation of power stations at Port Augusta. It is not something we can forget about or make out will not happen.

As things currently stand, unfortunately, it appears the coal supply will be exhausted in 20 years, and there was always a long lead time. Today we have all the odd groups that want to put the ore into stock in every decent development in South Australia, and that has to be dealt with as well. Government agencies I often describe as basket weavers, because that is where they want to put the state. Notwithstanding all that, will the minister indicate where we are planning for that time when there will not be adequate coal at Leigh Creek?

Mr VENNING: Probably within 13 years.

The Hon. G.M. GUNN: I have been generous because the mining practices have improved and it has done an outstanding job up there, even though the Treasurer does not seem to like NRG Flinders.

The Hon. P. HOLLOWAY: I understand the question was addressed yesterday by the Minister for Infrastructure, who is also the Minister for Energy. There is a line in the budget that is not so much under my portfolio but under the portfolio of the Minister for Infrastructure—about \$250 000 this year for the state energy plan. Given that the Energy and Mines Division is within this department and the officers are here, I will ask Barry Goldstein, the Acting Executive Director, whether he can provide that information. From the minerals side we have our job to do in promoting the resources development of the state, but that is probably more a specific energy question.

Mr GOLDSTEIN: The objective of the energy plan is to ensure that we have resilient, safe, competitive and environmentally sustainable energy supplies through to the future. We actually recognise that there are a number of experts throughout government in different departments that need to be brought together to have an integrated approach to that. We undertook about 20 strength/weakness, opportunity/threat assessments, including Leigh Creek coal, towards the end of last year. We recognise exactly the challenge mentioned. I do not have the solution right now, but it will be balanced and will be for competitive, secure, resilient energy supplies based on high levels of interconnection and interconnectivity with respect to gas and the use of the comparative advantages this state has both in its coal, gas and geothermal supplies.

The Hon. G.M. GUNN: It is important as there will have to be an alternate supply of coal. We have two very important power stations at Port Augusta that must have basic fuel to operate. It concerns me that we need to ensure that the process is put in place well and truly down the track before the supplies start to diminish, otherwise we will have a set of circumstances that is not good to give confidence to business and commerce, which needs a reliable source of energy. If the minister does not have all the information with his officers I would be grateful if he could come back at a later stage and advise us whether they have sat down with NRG Flinders—

his officers or other officers of government—because it is exceptionally important that our future power needs are sustained. It is terribly important for the regional economy at Port Augusta and the future of Leigh Creek not only as a coal mining operation but as a provider of basic services for a huge area of the north of South Australia, which would not have those services if it were not for the mining operation.

The Hon. P. HOLLOWAY: For some time this department has been looking for alternatives. At least 15 years ago a big pit was dug at Bowmans looking at coal in that area, and a lot of work has gone into looking at those resources. The Minister for Energy has principal carriage of this, and money has been given in the budget for the development of the state energy plan, which is to look at important issues such as this. In relation to the mineral side, I will ask Paul Heithersay to add to those comments.

Mr HEITHERSAY: To reiterate what Barry Goldstein said, the state energy plan is looking at all the available options to come up with the most commercial and economically sustainable areas for future development. In the department we are looking at the coal deposits in South Australia. Unfortunately, many of them are a lower grade and have issues with salt and ash, but we are aware that there are a number of cooperative research centres looking at upgrading those sorts of lower grade coal deposits. In fact, Lake Phillips is one that NRG Flinders is looking to assess. We are actively monitoring the research going on to upgrade the lower grade coals we have.

The Hon. G.M. GUNN: We heard yesterday the Premier waxing eloquent in relation to a proposed nuclear dump at Woomera. Notwithstanding all the hype the Premier has gone on with, we have had little or no comment in relation to the condition of the nuclear waste stored at Woomera, which was put there by his colleagues some years ago. My understanding is that it is stored in less than ideal circumstances.

Can the minister indicate to the committee whether his officers monitor the storage of this material and whether any action has been taken to ensure the condition of the 44 gallon drums stored in a hangar in the forward area at Woomera? I have not heard the member for Giles or anyone else make any comments about this issue. Can the minister give us an update on the great hype and publicity about this other activity on the station just outside Woomera? I think we need some information about this matter. We need to be sure that all steps have been taken to ensure that this material is in good condition.

The Hon. P. HOLLOWAY: Of course, Woomera is commonwealth land.

The Hon. G.M. Gunn interjecting:

The Hon. P. HOLLOWAY: I do not know that I put it there, or that the state government or its predecessor put it there. However it got there, it is on commonwealth land. I will check who has responsibility for it. I point out that it is commonwealth land and, of course, the Radiation Protection and Control Act, inasmuch as it governs these issues, is under the control of the Minister for Environment and Conservation, who might have more information. We will take that question on notice. Essentially, those are the bodies who have the responsibility. It is not really a mineral resources issue as such: it is really one of managing waste, which is under the control of those appropriate agencies, to the extent that they come under state law.

The Hon. G.M. GUNN: I think I am the only person left in this place who voted for the Roxby Downs indenture. I well remember the activities that took place surrounding that issue. The sun was not going to come up if that went ahead.

We even had Star Force officers in the corridor when the vote was taking place because people had been threatened. We know what an outstanding success it has been.

The Hon. P. HOLLOWAY: We fully support the expansion of Roxby Downs.

The Hon. G.M. GUNN: Well, your leader at the time led the campaign to stop it. I make the point that—

Members interjecting:

The Hon. G.M. GUNN: Members can have their discussions. I do not mind. It does not take much to put me off, because I am wilting fast. I am pro mining, and I want to see these deposits developed and expanded for the benefit of the next generation of South Australians. However, we appear to have a contradiction: we have good nuclear waste stored in the forward area at Woomera but, if you want a purpose-built repository (at no cost to the South Australian taxpayer) at Arcoona Station, that is bad nuclear waste. I want to know how a determination is made on what is good and what is bad. It seems to be not only a contradiction but an absolute nonsense and an attempt to pull the wool over the eyes of South Australians. I totally support the mining of uranium, and I am very happy that my signature is on top of the indenture act stored in the bowels of this building.

Mr O'BRIEN: Put it next to the Magna Carta in the library!

The Hon. G.M. GUNN: Quite—because it is as important. I really want to know why one lot of waste is good and the other is bad. I find it very difficult to understand.

The Hon. P. HOLLOWAY: The short answer is that the state is prepared to look after and handle properly the waste generated within the state, but we do not believe that we should look after that generated by the other 92 per cent of the population of Australia. They should be responsible for their own waste. However, I will not comment beyond that, because it is really a matter for the Minister for Environment and Conservation next week. I am sure he will be pleased to talk to you about that issue.

Mr WILLIAMS: The current government has chosen to continue the excellent work started back in the early 1990s under the South Australian exploration initiative, when some \$2.5 million was spent per year over a four-year period. That was followed by the original Targeted Exploration Initiative of South Australia program (TEISA), when a further \$10 million was spent between 1998 and 2002—again, at a rate equivalent to \$2.5 million per year. The state has invested and continues to invest significantly in the obtaining and dissemination of pertinent geoscientific data to encourage mineral exploration in South Australia and, in fact, has set a target of reaching an annual exploration investment of \$100 million by the year 2007.

One of the outcomes of this expenditure is the current activities in the Gawler Craton. Yet experts tell us that it is most likely that mineralisation within this provenance at least will be similar to that mined at Olympic Dam. If such ore bodies are found and uranium production is an integral part of any ensuing mining proposal (as at Olympic Dam), will this government support such a mining operation? Will this government seek assurances from the federal Labor Party that it would also support such a mining operation if it became the government post the upcoming election? I asked the Premier a similar question in the House of Assembly during our last session, and he refused to give that assurance to the mining industry.

The Hon. P. HOLLOWAY: The policy of the Labor Party in relation to uranium mining is well known. The

question really is hypothetical. However, in relation to those existing mines, if one looks back at the history of Olympic Dam, one sees that where it was necessary the Australian Labor Party was flexible enough to deal with that issue through the party structures in the mid-1980s. Even if a similar ore body were discovered tomorrow, it would be many years before that prospect would be likely to be at a stage where it would be mined, and that issue would be dealt with at the time. In relation to uranium mining generally, I remind the honourable member that the Honeymoon uranium deposit was given a licence the day before the election but, two and half years later, that mine is still not in operation—presumably because of the financials in relation to the project and the prospects of sale of uranium. So, it is really a hypothetical question.

In relation to exploration in the Gawler Craton region at the moment, Inco, one of the world's major nickel explorers, is looking for nickel there and much of the other exploration in that region, of course, is for gold; we have the Challenger deposit; we have had some significant discoveries by Adelaide Resources with its Barns deposit, Baggy Green deposit and so on; I think that Newman is also active for gold in that region; and BHP Billiton is also looking for lead and zinc deposits in that area. So the honourable member's question is hypothetical. If it ever does become an issue, we will address it at that time, but it will certainly be many years before that becomes a practical issue.

Mr WILLIAMS: The minister may consider that this is a hypothetical question from where he is sitting but, if he was sitting in the boardroom of a major national or international mining company when they were considering whether to invest in mineral exploration in South Australia or alternatively in West Australia, would he still consider it to be a hypothetical question?

The Hon. P. HOLLOWAY: As indicated, those companies are looking for particular mineralisation, and that is what they are focusing on. There has been significant increased gold exploration and development within the Gawler Craton region, so it certainly has not in any way deterred those explorers from having a look or from taking up exploration opportunities in that region, and in my address earlier today I read out just how significantly exploration has increased. These companies know what they are looking for, they know the geology that is associated with the prospects of finding those minerals they are seeking, and they target them accordingly. As I said, I do not think there is any evidence at all that the federal Labor Party's policy on uranium is in any way a deterrent to exploration in this state.

Mr WILLIAMS: I note in this morning's paper that the Premier has issued a statement, and the minister has made comment, about putting up a billboard at Perth airport. They believe that by putting up a billboard at Perth airport they will extract mining interests out of West Australia into South Australia. Can the minister assure the committee that no mining company has ever raised this issue with him or his department? I refer to the issue of being able to mine if they find uranium in the mineralisation of whatever it is that they are looking for—whether it be nickel, gold, copper-gold—because my understanding is that the chances of finding uranium in much of the prospective areas of South Australia is very high.

The Hon. P. HOLLOWAY: I mentioned earlier some of the paleochannels in the Curnamona Province, and there are some companies that specifically explore for uranium. They know what the policy of the government is and they make

their own decisions accordingly. I am not aware of it being formally raised—I have certainly had plenty of discussions with various miners about the Labor Party's policy on a number of issues, including uranium mining, as one does all the time. However, I would not say that anyone has raised it as a matter of concern. I think most mining companies accept what the policy of the party is and respond accordingly.

Again, I repeat that within the current policy settings of this government the total expenditure on mineral exploration for 2002-03 was \$36.7 million. That compared with \$32.1 million for 2001-02—a 13 per cent increase—and we estimate that the upward trend will continue towards \$40 million in 2004-05. The mining industry does take all these issues into account when it makes its decisions, and they are long-term decisions.

Mr WILLIAMS: I guess the mining industry will be looking forward to a change of government in South Australia. With regard to the billboard that is proposed to be put up adjacent to Perth airport, is any of the funding for that coming from the minister's agency or is it being completely funded by the Department of the Premier and Cabinet?

The Hon. P. HOLLOWAY: It will be coming from my agency, but whether DTED or PIRSA I do not know. As I understand it, part of it will be coming from the money in the new plan, particularly the part about promoting resource development. It is all part of increasing the image of this state and dealing with the perception amongst many mining companies that we are not as prospective as we believe we are.

Mr WILLIAMS: Are you telling the committee that the billboard at Perth airport is part of the plan for accelerated exploration in South Australia?

The Hon. P. HOLLOWAY: No, I am not saying that. I said that part of the funding will come from the overall package and the remainder will be from my other department. I repeat the point I made earlier on in my opening address that, whereas we are number one in the world as far as the Fraser Institute is concerned for the provision of geological data, we rank only 32nd for the minerals potential index, which is a reflection of company executives' perception of nature's bounty in the form of exploration potential. As I said earlier, we believe that that perception is incorrect and we need to change it if we are to realise South Australia's economic development potential. This is just one of the very small ways in which we believe that can be done, and we believe it is an effective way. We provide the data and we believe that we are more prospective than is the perception.

We need to change that perception if we are to reach those exploration targets, and this is a fairly small and modest way of doing that. The actual program would be part of the resource industry's ambassador program. I said that, of the \$14.7 million over five years, program 8 was for a resource industries ambassador—I think a figure of \$200 000 was set aside for that. Therefore, it would be part of that program of trying to promote the prospectivity of the state, so it is a relatively minor part. Nonetheless, it is important. I would not underrate the importance of getting companies to start thinking about South Australia in making their decisions. As part of a major communications strategy, the plan will also include targeting conferences. A number of mining conferences will be held around the country and the world, and we will use those opportunities to promote the state as an exploration target. The billboard is just a very small part of that overall plan.

Mr WILLIAMS: It might be that our low ranking of 32 in the minerals potential index reflects what I have been talking about: the fact that we have uranium and that a lot of our minerals may not be accessible to miners. In Budget Paper 4, page 5.13 in the performance commentary to subprogram 2.3, it is noted that PIRSA and the EPA play an active role in monitoring remedial actions following reported incidents within the uranium industry. What specific role does each agency play in the reporting process, the monitoring of personal or environmental injury, the investigation of the incident and any remediation ensuring appropriate actions are taken to minimise future risks; and is there a cost sharing agreement between the two partners and, if so, what is it?

The Hon. P. HOLLOWAY: That is an extremely detailed question. The honourable member would be aware that, shortly after coming to government, we asked Mr Hedley Bachmann to conduct a review into incident reporting procedures for the South Australian uranium mining industry. The report was prepared and came to government in about August 2002. As recommended in that report, a review of the effectiveness of procedures and criteria used for reporting incidents is presently being undertaken by the Radiation Protection Control Branch of the EPA in conjunction with PIRSA and DAIS, because DAIS is involved with Workplace Services. So, there are three agencies involved. Obviously, DIAS is involved in occupational health and safety issues. I am advised that the review has been substantially completed, and the report should be finalised shortly.

The Bachmann recommendations go back to October 2002. The government resolved that all recommendations of that review would be adopted. There were eight recommendations. First, companies operating uranium mines should keep a register of incidents and make it available to the regulatory agencies (the three agencies I referred to). Secondly, the confidentiality related clauses in the relevant legislation should be amended (that has been through parliament). Thirdly, detailed incident reporting requirements should be adopted. Fourthly, a copy of any incident report form received should be sent to relevant commonwealth agencies. It is also important to note that they are involved and there are quarterly meetings with commonwealth and state agencies in relation to the operation of the uranium industry. The fifth recommendation is that the appropriate state agencies should be informed of incidents at the same time by fax or email. The sixth is that an incident reporting form should be adopted by all regulatory agencies. The seventh is that public notification should be made of serious incidents and, finally, an agreed protocol should be developed so that when a significant incident occurs the lead agency and minister are identified.

Of those eight recommendations, the first seven have been fully implemented. With regard to recommendation eight, a memorandum of understanding has been agreed to between PIRSA and the EPA that reporting procedures and incident management procedures are considered to be functioning satisfactorily. Continued good relations and cooperation exists between the two agencies involved. Work on a formal protocol is continuing, and experience gained from the practical management of incidents that have occurred is assisting in the development of an effective protocol. I think we can conclude that the outcome from the implementation of those recommendations and the new reporting procedures have improved the robustness and public transparency in the systems for regulation of incidents in South Australia's uranium mines and has increased accountability in the

uranium mining industry. Again, a review of the effectiveness of those procedures has been undertaken, and report will be finalised very soon.

Mr WILLIAMS: Are you still working on determining who will be the lead agency?

The Hon. P. HOLLOWAY: There is a protocol. Obviously, it depends on the particular incident. If there is an incident involving personnel, then Workplace Services may well be the appropriate body to be involved. If it involves harm to the environment it will be the EPA, but if it involves other matters relating to operations it may be this agency. That is appropriate, and the point is that the agencies, the three arms of government, work well together. That is what we are working towards with the MOUs. They have been very satisfactory arrangements between the agencies. We are all trying to achieve the same goal which is an industry which functions with minimal harm to the work force and environment but which maximises the economic opportunities of the state. That is what all arms of government are about. We also, of course, want that as the one window to government. The whole purpose of these arrangements and the dual reporting system is that the company should be able to deal with one face.

Mr WILLIAMS: That is the point that I am trying to get at. It is fine for your agencies to have a good working relationship: it is trying to avoid confusion with the companies.

The Hon. P. HOLLOWAY: That is why one of the recommendations was in relation to the reporting. One of the great advantages of emails is that as they come through one agency they can be channelled to other agencies. It is really up to government to get its act together about who appropriately responds. But from the company's point of view they just see government, and we try to make sure that it works that way.

Mr WILLIAMS: That is the point. The company will send out the report to the various agencies and then the company is sitting back there wondering which agency will respond and, when it receives that response, whether that is the most important response that it will get. I am trying to advocate in this question on behalf of the companies, not on behalf of the government agencies. It is the companies that are concerned about—

The Hon. P. HOLLOWAY: Of course. That is accepted, and that is essentially what happens with the Bachmann recommendations. As I said, they are virtually complete and there just has to be some sort of refinement about how it operates. All agencies have the same objective of implementing those operations as quickly as possible. Whether you like it or not, there is different expertise in different agencies. If there are incidents involving occupational health and safety issues, workplace safety is the appropriate body. However, it is up to the government to determine who takes that principal responsibility. The other point we would make is that it depends on the nature of the incident as to which piece of legislation it is. The Occupational Health and Safety Act, the Environment Protection Act, the Radiation Protection and Control Act and the Mining Act, for example, are four acts with different provisions. It really depends, to some extent, under which act it falls. But I accept the point that it is government's role to ensure that, from an industry perspective, it is a seamless operation from government.

The Hon. G.M. GUNN: Can the minister indicate whether his officers or the department have made any progress in the negotiations to extend the Mintabie opal

mining field? The minister would know that this has been a longstanding matter of discussion, and it is something that ought to take place to benefit not only the opal mining industry but also the Aborigines who have been involved in a great deal of noodling off Mintabie and also at Lambina. It is being frustrated and held up by all sorts of outside influences, most of which are not very constructive, and it would appear to me that the time is now ripe to ensure that, if Mintabie is to have a future, it needs to have some extensions to allow some further mining outside the current prescribed area.

The Hon. P. HOLLOWAY: The honourable member is right: it is an important issue and it has been going on for a long time. A number of issues are involved regarding access for opal miners not just to Mintabie but also to other parts of that region, and this department is certainly doing everything it can. I know that the member for Giles (who is here) has certainly raised this issue with me on numerous occasions and is being very helpful in terms of helping us try to resolve some of these issues and gain not just an extension of access to existing areas but also to newer areas such as Welbourne Hill. But there are some issues that are certainly out of the control of this department; for example, there are some commonwealth funding issues in relation to the whole ILUA process and other negotiations, which tend to cloud these issues. However, from our point of view, we are doing everything we can.

With respect to Mintabie specifically, my advice is that resolution of the negotiations for the new town lease is near. Delays have arisen due to the current circumstances in the APY lands. However, it is anticipated that a new town lease will be executed by December this year. Much work is still required before arrangements can be finalised, and it is important to be thorough and fully consultative before entering into a lease of up to 25 years. The government has a duty to ensure that the risks and benefits of entering into the lease are properly assessed from a whole of government perspective in accordance with cabinet protocols. There are financial implications, particularly with respect to the effective and sensitive management of residential and business sites in such a remote area. There has been an interim lease arrangement between the government and the APY since the expiry of the statutory lease under the Pitjantjatjara Land Rights Act 1981 on 2 October 2002 in order for Mintabie residents to lawfully continue residing at Mintabie and to pay site licence fees. This interim arrangement is expected to continue until the new lease is executed.

The Hon. G.M. GUNN: The government, unfortunately, has purchased Bimbowrie Station, and in the next 12 months, perhaps, it will become a park. Can the minister indicate whether there are any existing mining leases or licences in relation to that area, and will mining activities be allowed to continue in the future if there are any potential sites that could be further developed to create opportunities in that part of the state?

The Hon. P. HOLLOWAY: I will ask Mr Heithersay to provide the information of which we are aware. Obviously, this department is not the purchasing agency of the station, but we will provide what information we know and perhaps take the rest on notice.

Mr HEITHERSAY: We have had discussions with DEH and we have, I think, an understanding that exploration and mining will still be able to continue at Bimbowrie Station under stricter environmental guidelines. But the intention is to make it a jointly proclaimed park.

The Hon. G.M. GUNN: I hope negotiations are continuing, because I think it is pretty important. I have some knowledge of what took place when Paney Station was purchased and how people tried—to put it mildly—to be less than up front in what their ultimate objectives were at Payney, where there were existing licences. Every time you make things difficult for the mining and extractive industry, it is not conducive to attracting other people. I am very concerned to ensure that future mining developments in this state will be in no way inhibited by the proclamation of this particular area as a national park.

The Hon. P. HOLLOWAY: I think the honourable member is talking about the Gawler Ranges National Park. Perhaps I can provide some information. In 2002 the Gawler Ranges National Park was proclaimed with the provision to allow exploration and mining activities to occur within the park under strict environmental guidelines. The basis for such a joint proclamation was the combination of outstanding conservation values in this ancient volcanic terrain, with a high level of mineral prospectivity both within the immediate area of the park and the surrounding region. The Gawler Ranges National Park covers approximately 1 663 square kilometres. It is located in the centre of northern Eyre Peninsula. The management plan that guides the operational management of activities within the park is still being developed by the Department for Environment and Heritage in collaboration with other agencies and stakeholders.

In recognition of the occurrence of identified zones within the park of significant environmental sensitivity, in particular the Pine Lodge Environmental Association, DEH and PIRSA have developed a mineral exploration management approach that allows for the grant of exploration licences within which these sensitive areas are excluded from any on-ground activity such as drilling. This management approach allows for the preliminary evaluation of mineral potential through airborne surveys by the explorer, yet clearly identifies up-front environmentally significant areas that should not be impacted upon by any activities, including mineral development. We hope that, through sensible arrangements, we can not only protect the environment but also ensure that explorers have that information available to them right up-front.

In addition, I should also point out that, under our plan for accelerating exploration, one of the key parts of that program was balancing resource development with conservation, which is the implementation of a multiple land use framework which will improve access to land for responsible resource exploration. It is very important that balanced land use decisions are made to ensure that future resources are discovered and developed. The funding under this part of the package will be \$900 000 over four years to develop and pilot an improved scientifically based methodology that researches both the economic and biodiversity values of the land, particularly within the state's parks and reserves system. It will also be used to foster research into the environmental impacts of exploration.

Again I go back to my opening address: it is very important that the public of this state have confidence in the mining industry. The mining industry has done an enormous job over the last two or three decades to improve its environmental performance. For example, the days of the sort of seismic lines we had at the Cooper Basin are long gone. Modern exploration has very minimal impact on the environment, and we wish to see those technological improvements not only continue but also be recognised by the public so that they are

aware that these activities can now take place with very minimal, if any, impact on the environment.

The Hon. G.M. GUNN: Some time ago there were discussions in relation to the development of high quality marble mining in the Leigh Creek area, just to the south and on the road towards Aroond dam. Does the minister or his officers have any knowledge about whether that project is to proceed? It would certainly benefit the area and South Australia. I am aware of a couple of other marble operations in South Australia, but my understanding is that this is a different quality. Unfortunately, we have already lost a development at Port Pirie. There was some suggestion that one of the reasons for its not going ahead was that we had denied access to the magnesium at Balcanoona—and I will go into that in relation to the activities of Mr Moore and his henchmen on another occasion. I would be most interested to know whether there are any plans and whether the government is endeavouring to assist the people who wish to develop that project.

The Hon. P. HOLLOWAY: In relation to the latter part, as I understand it, the SAMAG decision had absolutely nothing whatsoever to do with accessing magnesium from Balcanoona. Of course, that decision was taken by honourable member's colleague the Hon. Iain Evans when he was minister for environment before the last election. I think—

The Hon. G.M. GUNN: We will go into that another day.

The Hon. P. HOLLOWAY: Yes, that is a case for another day.

The Hon. G.M. Gunn interjecting:

The Hon. P. HOLLOWAY: I am sure the honourable member knows more about them than I do, because they certainly pre-date my time. In relation to the dimension stone industry, it is certainly something that the government is keen to encourage. In particular, I would like to see more value adding being done to the stones we have in this state, and I think that is beginning to happen. In relation to the specifics of the Maroomba dam deposit, we will take that on notice and get back to the honourable member with a properly informed answer.

The Hon. G.M. Gunn interjecting:

The Hon. P. HOLLOWAY: There is a whole lot from Southern Quarries. Some very important stone comes from the base of their quarry as well. Back Hill is another one. We actually have deposits of dimension stone all over the state. It is one of those areas that we would like to encourage and even see more of it used in building.

The Hon. G.M. Gunn interjecting:

The Hon. P. HOLLOWAY: Yes.

Mr WILLIAMS: Minister, I refer to your comments regarding the penultimate question which you have answered about the plan for accelerated exploration and your statement about balancing resource development with conservation. The strategies cite a joint PIRSA-DEH project to access 'economic and biodiversity values of the land with the state's parks and reserves system'. It goes on to state that this 'includes preparation of comprehensive mineral and/or petroleum for prospectivity reports for specified areas matched up with the detailed assessment of biological associations, ecosystems and sensitive sites'. Bearing in mind that about 21 per cent of the area of South Australia is under some sort of park, firstly, is there matching or indeed any funding from DEH towards this program, or is it all funded out of your agency?

The Hon. P. HOLLOWAY: I do not think you would describe it as matching funding because there is no matching funding as such, but obviously DEH has its own budget and

would undoubtedly spend significant amounts of money on park management.

Mr WILLIAMS: I am talking specifically about the program to balance resource development with conservation. Is that a jointly funded program or is it all funded out of your agency? Can the minerals industry expect that more of the state will be locked away from mining exploration as a result of this program?

The Hon. P. HOLLOWAY: That program is an across agency initiative, so DEH would be really involved in that initiative. Although the funding is shown in this line in the PIRSA budget, part of that money would be going through to DEH to undertake this program. The program was agreed on that basis, that they would play their role in it. As far as the budget line is concerned, it appears under this agency.

Mr VENNING: It's a mess.

The Hon. P. HOLLOWAY: It is not a mess at all. On the contrary, this is to resolve a mess. The idea is that DEH will cooperate with this department and undertake a lot of this work to get that essential information so we can resolve some of these land access issues.

Mr WILLIAMS: It is interesting, minister, that you say that the funding is coming from your agency and that DEH will cooperate.

The Hon. P. HOLLOWAY: It comes from the taxpayer, it comes from government, it is in this budget line.

Mr WILLIAMS: It is funded through your agency and you just said that DEH will cooperate with your agency. The strategies also state that it will update a multiple land use policy that articulates the government's commitment to sustainable development. The miners I speak to complain that access to land is one of the biggest inhibitors to exploration in this state. With this program due to start as of the 2004-05 financial year, which is next month, has the environment department pre-empted accelerating the exploration plan by getting cabinet approval to lock away 15 per cent of the Yellabinna Conservation Park, some 650 000 hectares, from miners? I understand that is the balance of the park, which does not have exploration tenement leases over it.

The Hon. P. HOLLOWAY: In relation to Yellabinna, that matter is currently before cabinet and I hope that announcement will be made very soon and I expect it to be a decision that will make the appropriate balance between protecting what is a unique part of the state but also allowing significant access for exploration over what is also a very highly prospective and important area. It has been a difficult task balancing up those two concerns but we are very near to resolving it and I hope an announcement will be made very soon. It is a cabinet matter and I cannot comment further.

Mr WILLIAMS: The program to update multiple land use policy before it even gets off the ground has been usurped by a decision taken to cabinet by DEH. The mining industry, I can assure you—

The Hon. P. HOLLOWAY: The issue on Yellabinna has scarcely been usurped. It has been around for many years and it has been a discussion of the government for a long time. It is this particular program and the provision of funds in this program that will help address such issues in the future. If this sort of money and effort had been put in under the previous government to get some of this baseline data, both geologically and from an environmental point of view, we might have been in a better position to resolve these issues earlier. I am looking forward to having that decision made soon and I think that, as a result of that, we can expect a very good balance between both the interests of state economic

development through the mining industry and also protecting a significant part of the environment of the state.

Mr WILLIAMS: In Budget Paper 4, Volume 2, page 5.47, under regulatory compliance costs, the controlled statement of financial performance shows an increase of half a million dollars of regulatory compliance costs. Is all of this increase due to higher levels of activity or is it due to increased compliance costs associated with native vegetation regulations?

The Hon. P. HOLLOWAY: The member for Napier asked me a question on our increased compliance effort earlier and I gave a fairly comprehensive answer then, but perhaps I can provide some additional information. Compliance regulation activities aim to manage potential risks to achieve good outcomes for the environment, public safety and social and cultural values. This really relates to the point we were making earlier that, if we want to encourage exploration in the state, it is important that our regulation be seen to be effective at protecting the environment, public safety and social and cultural values. If we fail as an agency in our regulation, it will make the task of those who wish to explore so much more difficult. We have to be successful and assure the public that our regulation is effective.

The cost pressure on agency regulatory resources from the mining and petroleum industries has resulted from increases in new resource exploration and development projects, increased engagement of the community and agency stakeholders in decision making, and development of co-administration arrangements as required under commonwealth and state legislation. The member for Stuart spoke earlier about what is required under state environmental regulation but the opposition needs to remember that the EPBC Act of the commonwealth has a significant impact, as well. With uranium mining, we also have these co-administration arrangements where the groups meet every three months. Other bodies are involved, as well.

We have also had pressure on the agency from the delegation of regulatory responsibilities to PIRSA from other agencies, for example, native vegetation clearance is handled through PIRSA, as is the prescription of ground water in the Great Artesian Basin. Finally there is a need to sustain significant regulatory resources in relation to activities of longstanding operators, for example, the management of the potential gas supply shortfalls that followed the 1 January fire at the Moomba plant.

The government has increased the funding for regulatory activities by \$3.663 million over the next four years, as follows: for 2004-05, \$495 000; for 2005-06, \$1.335 million; for 2006-07, \$905 000; and, for 2007-08, \$928 000. Funding will impact in the Outback, particularly the Gawler Craton, the Anangu Pitjantjatjara lands and the Cooper Basin, where increased exploration activities led to the need for higher compliance monitoring costs. When you had Santos as the only operator it was a lot easier to regulate oil and gas exploration activities in the Cooper Basin than when you have a significantly increased number of explorers operating in that region.

There are now, fortunately (which is good news for the state), a significantly increased number of exploration operators. There are now 12 operators: where we had one under the old indenture days before 1999 or 2000 we now have 12 operators, which again puts more pressure on the agency. With more companies to regulate, it is important we get that right because, if there are any incidents that reflect

badly on the industry as a whole, it will be bad for not just the industry but the state as well.

Ms BREUER: I will be parochial and ask a question about the opal mining industry. I refer to Budget Paper 4, Volume 2, Program 1, pages 5.9 to 5.11. What is the government doing to assist the opal mining industry, particularly at Coober Pedy?

The Hon. P. HOLLOWAY: I thank the member for her question. She has invited me up to Coober Pedy and places north on a number of occasions and I was up there earlier this year. We will be going back there within the next month. We have a community cabinet meeting up there next month and I look forward to going back, but the honourable member has been assiduous in her efforts to ensure that we look after the interests of this important industry. The government fully recognises the importance of the opal industry to the state in terms of the economic activity and employment it generates and as a tourist drawcard. The finding of new opal producing areas is essential to the long-term future not only of the opal industry but also for the other industries in Coober Pedy and like towns that hang off the success of the opal industry.

Following representations from the Coober Pedy Miners Association to the member for Giles and myself, the government has agreed to provide \$50 000 funding immediately for a drilling program at Coober Pedy to explore for opal away from the known fields. The program will be undertaken by the miners in cooperation with PIRSA geologists, who will record and report the results of the drilling.

The miners association is very positive about the proposed drilling and is exploring ways of using the funding to commence a longer term opal exploration drilling program, recognising that an extended program will probably be required for the discovery of major new producing fields. The extension of exploration to areas outside the Coober Pedy precious stone field is also being considered. This support for opal exploration is consistent with the government's support and encouragement for all mining exploration announced in April in the plan for accelerating exploration.

This drilling program is in addition to the South Australian government's ongoing regulatory support to opal mining through the PIRSA Coober Pedy office. PIRSA also provides promotional material on opal for the benefit of the industry and its related tourism activities. I thank the honourable member for her continuing efforts on behalf of not just the opal industry in Coober Pedy but also for all the other residents whose existence in that place depends heavily not just on the income from the mining of opal but also from the tourism activities associated with it.

Mr WILLIAMS: I am juggling the priority of questions I would like to ask the minister. One of the questions in which the industry is very interested is that of ILUAs (indigenous land use agreements). They have been very successful within the petroleum industry where the ILUAs cover both exploration and mining. One of the down sides that has been experienced in the minerals sector is that the ILUAs at this stage cover only the exploration phase of any project. Does the minister see that they will be able to develop a system that will cover both the exploration and mining part of any potential project, and can the minister tell the committee whether the Attorney-General's department will continue to fund the ALRM, because the industry is very concerned that if that funding is not continued the ability to negotiate matters around ILUAs and the ILUAs themselves will come to a halt?

The Hon. P. HOLLOWAY: I certainly understand the issues the honourable member is raising and we certainly hope we can reach that outcome. I have had meetings over the past few months with many of the stakeholders involved in developing these ILUAs. I have some recent information and can advise that the representatives of a number of the ILUA parties and Ian Dixon met with the federal Attorney-General on Thursday 10 June. The purpose of that meeting was to brief the minister on the state-wide ILUA process, to stress the unique approach being adopted in South Australia, to show appreciation for the federal funds allocated to the process over the previous four years and to discuss ways of improving the federal financial assistance processes. I am informed that the parties were very heartened by the federal minister's response and have agreed to work together over the next month to develop a new approach to funding the ILUA process.

It is intended to work closely with officers of the federal Attorney-General's Department in relation to possible new funding models. That is the most recent information we have. Obviously, we are doing everything we can from the state perspective to ensure that the process does not run out of steam at this vital point, given that so much effort (and finance, for that matter) has been put into developing the ILUA process over the last decade or more. The issues are complex. A lot of funding comes through the commonwealth government. There are also compounding issues in relation to ATSI and its future. All these issues work to complicate matters. However, the issue has really been the funding to parties such as the Chamber of Mines and Energy and the fishing industry and so on that have also been involved in some of the offshore rights. Complex negotiations have been involved and, obviously, they have been undertaken with the financial support of the federal Attorney-General's Department.

With that recent information, we hope that the federal Attorney-General's Department will continue to support the process. However, I should also point out that conjunctive agreements are more difficult in the mineral sector than in the petroleum sector: the actual locations are not known, nor is the size of the mine at the exploration stage, which goes back to the original point made by the honourable member. In-temple agreements are probably a little more difficult in the mineral sector than in the petroleum sector, but we obviously—

Mr WILLIAMS: But work is being done towards an outcome?

The Hon. P. HOLLOWAY: Yes—very much so. Our first ILUA was signed with the Antikirinya people not that long ago, and I think another agreement with the Arabunna is expected to come into effect in August this year. At last we are achieving some of the success in the mineral sector that we have enjoyed in the petroleum sector—and that is key to access.

Mr WILLIAMS: Absolutely. We have been talking about the commonwealth controlled land around Woomera. The industry tells me that there is prospectivity there, and a figure of \$6 billion has been mentioned. Can the minister briefly tell the committee how negotiations are proceeding with the commonwealth to open up access to give surety to explorers in that area?

The Hon. P. HOLLOWAY: Some of the initiative has been undertaken by the industry itself, and the Chamber of Mines and Energy has been involved in some discussions

directly with the Department of Defence. I will ask Paul Heithersay whether he has any further information.

Mr HEITHERSAY: Across agency groups, as well as the chamber, are developing a deed of access with the federal government. We are in the process of providing them with information about the sort of mining activities that might be anticipated in that area. So, negotiations are proceeding.

Mr WILLIAMS: I have a series of omnibus questions I will read into *Hansard*, as follows:

1. Did all departments and agencies reporting to the minister meet all required budget savings targets for 2003-04 set out for them in the 2002-03 and 2003-04 budgets? If not, what specific proposed project and program cuts were not implemented?

2. Will the minister provide a detailed breakdown of expenditure on consultants in 2003-04 for all departments and agencies reporting to the minister, listing the name of the consultant, cost, work undertaken and method of appointment?

3. For each department or agency reporting to the minister, how many surplus employees are there and, for each surplus employee, what is the title or classification of the employee and the total employment cost (TEC) of the employee?

4. In the financial year 2002-03, for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover of expenditure in 2003-04? For all departments and agencies reporting to the minister, what is the estimated level of under-expenditure for 2003-04? Has cabinet approved any carryover of expenditure into 2004-05?

5. What was the total number of employees with a total employment cost of \$100 000 or more per employee and, as a subcategory, the total number of employees with the total employment cost of \$200 000 or more per employee for all departments and agencies reporting to the minister as at 30 June 2003? What is the estimate for 30 June 2004?

6. Between 30 June 2003 and 30 June 2004, will the minister list job title and total employment cost of each position with the total estimated cost of \$100 000 or more which has been abolished and which has been created?

7. What is the difference between consultants and contractors? How many people or services previously classed as consultants are now shown as contractors? What is the value of their contracts, and what other services do they provide?

The Hon. P. HOLLOWAY: I assume the answers will be done for the agency as a whole, and that you will be happy for PIRSA to do that as a whole.

Mr WILLIAMS: Absolutely.

The Hon. P. HOLLOWAY: We will take those questions on notice, and they will be coordinated across government.

Mr VENNING: What is the cost of the department's accommodation? Is it ensconced in the Black Stump with the rest of PIRSA?

The Hon. P. HOLLOWAY: No; the minerals and energy division is at 101 Grenfell Street.

Mr VENNING: What is the annual cost of that accommodation?

The Hon. P. HOLLOWAY: We do not have that information, but we will provide it to you.

Mr VENNING: Has the department considered decentralising out of the CBD?

The Hon. P. HOLLOWAY: I think I answered that question either last year or the year before, but I will dig the

answer out of *Hansard* for you. The point is, and I can sum it up very briefly in the minute or so that is available, that this department is already one of the most decentralised agencies of government. Much of the work of Mines and Energy is, obviously, out in the field. We have offices in Jamestown and Coober Pedy, and from Coober Pedy they visit places such as Marla and Andamooka. So, it is already one of the more decentralised agencies in government.

Mr VENNING: You were asked before but you did not tell me: what percentage is your accommodation in Grenfell Street in terms of your total budget? Because if you are saying that you are decentralised then that will reflect in the percentage, obviously.

The Hon. P. HOLLOWAY: Yes. The other thing, of course, is that a lot of mining companies come from interstate and, if they are going to talk to the geologists, it is obviously far more convenient for them to do that in the city. We need our field staff out in the regional areas but we also need a city base. However, we will take that on notice.

The CHAIR: There being no further questions, I declare the examination of the vote suspended until 23 June.

The Hon. P. HOLLOWAY: Before we go, I would like to thank the officers of the Department of Primary Industries and Resources for all the work that they have done in preparing for this estimates committee

Department of Trade and Economic Development,
\$82 710 000

Administered Items for the Department of Trade
and Economic Development, \$601 000

Departmental Advisers:

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

Ms A. Allison, Director, Corporate Services.

Mr P. Tyler, Executive Director, Office of Regional Affairs.

Mr M. O'Niell, Director, Economic Analysis and Policy.

Membership:

Mr Hamilton-Smith substituted for Mr Venning.

The CHAIR: I declare the proposed payments, which have been referred from Estimates Committee A, re-open for examination, and I refer members to the Budget Statement appendix C, page C2, and Portfolio Statements, Volume 1, part 2, in particular pages 2.1 to 2.7 and 2.10 to 2.19. All questions are asked to the minister who may refer questions to advisers for assistance in responding. Minister, do you propose to make a brief opening statement?

The Hon. P. HOLLOWAY: Yes; I have a brief opening statement in relation to regional development. I will have more to say about the department restructure when we come to that section. The prosperity and well-being of people and communities in regional South Australia are critical to the sustainability of the entire state. Viable regional economies contribute significantly to our economic growth, and this needs to be partnered with strong social networks and environmental measures that conserve our water and other natural resources. That is why the state budget commits more than \$178 million in new money to regional communities over the next four years.

The government also recognises that for regional communities the achievement of the objectives set out in the State Strategic Plan, is affected by the challenges posed by distance and population density. Through community cabinets and other community forums conducted by the Regional Communities Consultative Council, the government has listened to regional people and stakeholders about the issues and concerns that are most important to them.

In addition to the recurring budget commitments to regional health, education, justice, transport and so forth, this budget allocates more than \$178 million to new regional initiatives over the next four years, including \$29 million in 2004-05. This includes: \$41 million of new initiatives over four years targeted at health, justice, the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands and the Country Fire Service; and \$55 million invested over four years in new economic development initiatives. These initiatives are focused to generate additional export income and regional employment opportunities, especially in mining, seafood, farming, tourism and the Upper Spencer Gulf and the Outback. Demonstrating the strength of the government's commitment to regional South Australia, these initiatives will enable government, in partnership with regional communities and businesses, to implement the State Strategic Plan.

Growing prosperity.

A Plan for Accelerating Exploration (\$14.7 million over four years) will help to treble investment in mining exploration by 2007, and boost annual minerals production to \$3 billion by 2020. We discussed that extensively in an earlier session this morning. We also have the new Marine Innovation SA initiative which will help South Australia achieve the targeted doubling in the value of the seafood industry to \$1 billion per annum by 2010, and it will help ensure that these economic gains are obtained through the sustainable use of the natural environment upon which the industry relies. That is a program of \$12.9 million over four years.

The Upper Spencer Gulf and Outback Enterprise Zone Fund (\$3 million over four years) will ensure that the key economic enablers are in place to build on the existing strengths and to improve the competitive advantages of the region, for example, infrastructure, business capacity, labour market skills and industry clusters. Increased returns (financial, social and environmental) will be expected from better farm management practices generated in partnership with the Australian government by the Department of Primary Industries and Resources program, FarmBis III (\$14 million over four years).

Improving well-being.

Through the State Strategic Plan, country health services will be improved with additional nursing costs to meet agree nurse/patient ratios (\$4.3 million over four years), and 15 additional beds in the Renmark Aged Care facility (\$1.9 million).

Pressure on specialist services in rural areas plus increasing patient numbers and costs necessitates increased transport assistance for rural patients, and a patient assistance transport scheme of \$1.7 million over four years has been provided for that area. Under the 'Building communities' part of the state strategic plan the CFS will be supported with funding for radio and telecommunications in the sum of \$6.2 million over four years and funding to address the training needs of 2 500 staff and volunteers, for a fire indicator panels replacement and upgrade program and for the extension of bushfire awareness programs.

That is just a sample of the programs that the government is undertaking in regional areas. The Office of Regional Affairs, a division of the department, is working in partnership with regional stakeholders, including regional development boards, to actively promote the sustainable development of regional communities in South Australia. It is doing this by building community and business capacity, improving the coordination of government activities, impacting on regions and providing strategic and timely advice to governments on regional issues. I am confident that this strategy will assist in the continued growth of our regional communities and their economies.

The CHAIR: Does the member for MacKillop wish to make an opening statement?

Mr WILLIAMS: I will make a brief statement. I wish to express the Liberal Party's disappointment with the government's attitude to regional communities over the term that it has been in office, and it seems that that continues. It is interesting that the minister just highlighted some of the so-called initiatives. One of the problems that the opposition has long had with this government is the fact that it is long on rhetoric and short on action. I wish to highlight a couple of the things that have come out of this budget that do not exactly benefit regional communities.

The regional health budget has, in fact, fallen. Less money has been budgeted to be spent in regional health for the ensuing year. Program S3 in the appropriate budget paper shows that there is a reduction in the amount of money that the state is to put into regional health in the ensuing 12 months. The government has announced significant programs as new initiatives, but they are a continuation of existing initiatives in many cases and, indeed, there is a reduction in the amount of money that is to be spent on initiatives such as in the transport area, with the overtaking lanes program, where there is no new money in the ensuing financial year.

The amount of money for the shoulder sealing program will not be spent until after the next election in the 2006-07 financial year; the existing programs will continue in that area. The minister talked about the Country Fire Service. The money for the replacement of CFS trucks has been pushed out and the CFS trucks will be asked to perform beyond the original intention. I understand that the program will now be to replace them after 25 years rather than 20 years.

There have been plenty of announcements but they tend to relate to funds that are on the never-never; they may come to fruition, they may not. A fair bit of the money that is announced as new initiatives is, as I said, in the out gears. The minister talked about the accelerated mining exploration program, which we have just discussed extensively. As we pointed out in the committee earlier this morning, the opposition has doubts about the efficiency of that program to meet the goals that the minister has set for it because of the whole of government attitude to the mining sector, with particular reference to native vegetation issues and locking away land from miners.

We recognise very acutely the importance of the regions to South Australia, and it is disappointing that the government does not recognise that. I will repeat what I said earlier this morning. I believe that the regions are the key to the government's getting anywhere near achieving the aims and goals in its state strategic plan. The reality is that metropolitan Adelaide has significant problems in growing substantially and if we are to increase exports, in particular, by a factor of three times over the next 10 years we will be relying largely

upon the regions to drive that and to achieve that sort of increase. As I said earlier, the mining industry is one area where I think there is great potential for an increase but we will also need to ensure that the regions perform to their absolute maximum to get anywhere near that goal of increasing exports. The regions already account for a substantial proportion of the state's export trade.

The minister said in his opening statement that we would move to the restructure of the department at a later stage. Perhaps he might begin by giving us an overview of the restructure of the department and the impact that that has had on the Office of Regional Development and also indicate to the committee how he envisages the structure of the department in the next financial year and how many staff it will have. There was a claim and a counterclaim a couple of months ago about the number of staff that had been employed in the Office of Regional Development. Can the minister give the committee an overview of the restructure of the department?

The Hon. P. HOLLOWAY: That was an issue that was canvassed in the Legislative Council at some length. I will start at the beginning. The Office of Regional Affairs was established shortly after this government came to office—I think towards the end of 2002. A review of the Department of Business, Manufacturing and Trade was undertaken in the latter half of 2003. As a result of that review, certain recommendations were made about the entire department. The recommendations were that the total number of staff of the department was to be, from memory, 98, of which six were to be in the Office of Regional Affairs. That was the report that went to government. The government then came up with the plan which was endorsed by cabinet towards the end of 2003 and which increased the allocation of staff under the restructuring to 10. That was the position when I became minister earlier this year.

The review of the Department of Business, Manufacturing and Trade recommended that ORA have a staffing complement of six or seven employees, but cabinet, on the recommendation of minister McEwen, agreed that those levels would be 10 full-time equivalents. The ORA, as with all divisions of the new Department of Trade and Economic Development, has been creating new job and person descriptions, establishing classifications and filling positions in accordance with public sector guidelines. Since being allocated the industry, trade and regional development portfolio, I have had an opportunity to assess the resourcing levels in the Office of Regional Affairs, particularly in light of our focus on the Upper Spencer Gulf and the outback region—and I again remind the committee of the Upper Spencer Gulf enterprise zone fund which has been established.

I am pleased to report that cabinet supported my recommendation that the staffing level of the Office of Regional Affairs be increased to at least 12 full-time equivalents. The equivalent of two FTEs will be supporting the Upper Spencer Gulf common purpose group, regional development boards and other key stakeholders so that collectively we can make a real difference in this important region of the state. As is the appropriate practice under the Public Sector Management Act, the responsibility for the role and appointment of those positions rests with the chief executive of the department. I can report that, at this stage, the executive director, Mr Phil Tyler, has been in that position for a significant length of time; in fact, at 12 months I think he might be the longest

serving executive with the Department of Trade and Economic Development.

In relation to the other staff, several officers took packages from that office but, as I said, when the appointments are made there will be 12 positions, and that is double what the original recommendations were in the BMT review. I think two people have taken packages and another person has retired; is that right?

Mr TYLER: Two people have taken packages and a further person has obtained a job in another agency.

The Hon. P. HOLLOWAY: The final staff complement of that office will be 12 FTEs.

Mr WILLIAMS: In relation to the two people who have taken packages, were they targeted separation packages?

The Hon. P. HOLLOWAY: Yes, they were. I repeat that during the restructure of the department all positions in the agency were reviewed and had new job descriptions assigned to them. Obviously several officers under that restructure took TVSPs. As I said, another officer won a job in another department.

Mr WILLIAMS: If we track the employee expenses over the three years as documented in Budget Paper 4, page 2.16 for the regional development program, program 5 within the agency, we see the actual result for the year 2002-03 of \$1.89 million falls to a budgeted figure of \$1.258 million for 2003-04, a fall of approximately 30 per cent. This figure appears to have blown-out then to an estimated \$1.532 million to give the expected result for 2003-04. The budget figure for 2004-05 is \$2.207 million, which is an increase of approximately 90 per cent on last year's budget figure. To my mind, the numbers that the minister has just explained do not necessarily track with the way in which the dollars are going in the budget papers.

The Hon. P. HOLLOWAY: It would be unusual for this department to be accused of blow-outs in budget resources, I must say.

Mr WILLIAMS: I am not necessarily accusing the minister of that sort of blow-out: it is just that the figure has increased substantially.

The Hon. P. HOLLOWAY: The increase in salaries of \$675 000 represents an allowance for additional short-term contractors, in addition to base full-time equivalents, plus an allowance for redeployees allocated across all programs. The honourable member will appreciate that with such a major restructure of the department, which is only in its final stages of completion, inevitably there has been the need within this budget preparation to make some assignments across all the various programs. We will no doubt discuss this in more detail when we move on to the department proper this afternoon and talk about the restructure and the number of officers who are now in place and that some positions still need to be filled. There have been these allocations across the entire department.

If the honourable member looks at page 2.22 of the Portfolio Statements, and if he looks at the department as a whole rather than looking at individual programs, he will see that the salaries, wages and annual sick leave for the department is \$16.043 million compared to an actual result in 2003-04 of \$17.362 million, which reflects the overall downsizing of the department in accordance with the review of the former department.

Mr WILLIAMS: From what the minister has just said, am I correct in saying that we could expect this budget line to which I am referring on page 2.16 to decrease in the next budget year when things settle down and everything is in

place and the department is not looking at the sort of things which the minister is talking about such as bringing in contract staff and redeployees?

The Hon. P. HOLLOWAY: What I am pointing out is that, if the honourable member looks at the aggregate figures in that table on page 2.22, they will give him a better reflection of what is happening in the department as a whole. However, in relation to the specific programs, I am just saying that, at this stage, as redeployees are posted, the allocation of those specific programs will have different impacts because it depends to which program those costs are allocated. I am just saying that there is uncertainty in relation to the program but, in relation to the department as a whole, the table on page 2.22 should give a fairly accurate picture.

Mr WILLIAMS: You said that the employment has settled to 12 full-time equivalents.

The Hon. P. HOLLOWAY: Will settle to.

Mr WILLIAMS: When the positions are filled?

The Hon. P. HOLLOWAY: That is the number of positions that will be in the office when they are filled. I am not sure how many are outstanding at the moment.

Mr TYLER: We have settled seven and there are five yet to be filled.

Mr WILLIAMS: Out of the 12 positions that are hoping to have filled shortly, how many of those operate out of the department's headquarters? You mentioned that two of those full-time equivalents were assigned to supporting the Upper Spencer Gulf region. Are they operating in the Upper Spencer Gulf or are they operating out of the head office in Adelaide? Are there any other of those 12 FTEs that will operate outside Adelaide?

The Hon. P. HOLLOWAY: The officers will operate out of Adelaide but, given their tasks on regional development boards and like activities, they will spend time in all the regions of the state. They will essentially be based here in the city.

Mr WILLIAMS: Tracking the item supplies and services over the years listed, page 2.16 of Budget Paper 4, we see a decrease from \$1.598 million last year to a mere \$352 000 this year. What supplies and services are included in that budget item and what has caused the decrease to a figure of only about 20 per cent of what was allocated last year being allocated in this year's budget?

The Hon. P. HOLLOWAY: The decrease in the 2003-04 estimated result compared with the budget for 2003-04 is due to reduced activity levels through the restructure period. Board fees are projected to be about \$200 000 underspent, with the balance, \$1.17 million, spread across all other expense items. That is, the general admin expense is \$350 000, design services \$20 000, seminars \$20 000. Again, we make the comment that there has been some pro rata allocation of costs in relation to these programs that come about as a result of the restructure. Again, if one looks at the table 2.22 across the whole department, for other supplies and services for the department, the 2003-04 estimated result is \$18.8 million and the budget is \$18.186 million. So, if one looks at the department as a whole, the reduction is relatively small commensurate with the downsizing of the department.

Mr WILLIAMS: Does that reflect a shift in emphasis away from the Office of Regional Affairs to the other agencies within the department?

The Hon. P. HOLLOWAY: Not really. If one looks at the grants and subsidies, for example, which is the next line down, one sees that the budget is \$9.21 million for 2004-05 compared with the 2003-04 estimated result of \$4.868 mil-

lion. The 2004-05 budget includes the funding for regional development boards, for the Regional Development Infrastructure Fund and also additional grants approved in this budget relating to Kangaroo Island power augmentation and the Upper Spencer Gulf. In previous years, the majority of funding for the regional development boards was provided under program 6. In line with the new departmental structure, there has been some change in the programs, and that is why these particular figures are not necessarily directly comparable with those in the same program for previous years.

In relation to the grants and subsidies for the department as a whole, of course, they have fallen from an estimated result of \$47.364 million to \$31.182 million in the current budget, which reflects that the uncommitted funding for the Industries Assistance Fund has been returned to the budget. I am happy to discuss that when we come to the department of trade this afternoon. In short, there have been these movements that reflect the restructuring of the department.

Mr WILLIAMS: Again on page 2.16, I have a series of questions trying to analyse the figures. Payments to consultants have risen from \$54 000 in the current year to \$214 000 estimated for the next financial year. What consultancies are envisaged and what outcomes do you expect from those consultancies?

The Hon. P. HOLLOWAY: The consultancies for 2004-05 has been apportioned on a pro rata basis across all programs, given that further work is required on the detail of the DTED budget, whereas the estimated result for 2003-04 reflects the appropriate allocation of consultancy work. If one looks again at the aggregate for the department on page 2.22, one can see that the consultancy figure in the budget for this year is \$1.665 million, compared to an estimated result of \$1.619 million. So if one looks at the department as a whole, the consultancy budget is broadly comparable with last year. The reason is the pro rata distribution that I referred to earlier.

What I can say is that the 2003-04 estimated result includes a consultancy for business research and development (USG) \$2 000, review of the relationship between area consultative committees and regional development boards in South Australia \$5 000, and consultancy and allocations from general consultancies \$16 000. That makes up the \$23 000 for last year, but that figure, the \$214 000, is simply a pro rata distribution of the overall figure for the department, which is similar to last year.

Mr WILLIAMS: You have already mentioned the \$2 million from the Regional Development Infrastructure Fund. You did not say it came from that fund but I presume it for improvements to the Kangaroo Island electricity supply. You can confirm that it will come from that fund.

The Hon. P. HOLLOWAY: It is new money from the fund.

Mr WILLIAMS: How many dollars have been spent from the fund in the current year, including funds committed but not fully expended at this stage and what balance, if any, will be left in the fund at 30 June and how much will be added to the fund in the 2004-05 financial year?

The Hon. P. HOLLOWAY: In the 2004-05 financial year \$2.5 million has been allocated to the regional development infrastructure fund as recurrent funding and, in addition to the above, as a new initiative for 2004-05 \$2 million will be used to upgrade the Kangaroo Island power supply, so that makes it \$4.5 million.

The overall levels of reliability of the electricity supply to Kangaroo Island are significantly lower than other rural and remote regions of South Australia, and the poor performance

of the Kangaroo Island electricity supply is increasing costs to new and existing companies on the island and thus adversely impacting on its economic growth. In general, grant or loan funding can be offered for up to 50 per cent of eligible infrastructure costs, which is capped at a total of \$500 000. Infrastructure eligible for RDIF assistance generally includes energy assets, water, waste, roadworks and telecommunications.

RDIF applications are called three times a year—31 March, 31 July and 30 November. The total expenditure on RDIF grants for the 2003-04 financial year, which directly addresses the question, was \$1.64 million, which was expected to generate 190 new jobs and \$4.7 million in direct capital expenditure. The amount of \$1.64 million was the expenditure, but \$4.7 million is the direct capital expenditure expected to be generated from that fund.

The projects included the Limestone Coast phylloxera treatment facility to assist the Naracoorte-Lucindale council to provide a permanent heat disinfestation facility to minimise the risk to viticulture of phylloxera being spread in South Australia. I am sure the honourable member would be well aware of the importance of that program to his electorate. He would be aware that there was a trial facility there that needed to be replaced. The other projects include: the Port Lincoln waste water reuse scheme to assist the city of Port Lincoln to expand the usage of proclaimed water on its reserves and playing areas, thus freeing up 200 megalitres of higher standard potable water for economic development; the Port Broughton boat harbour (to assist the District Council of Barunga West in the substantial upgrade of Port Broughton's boat ramp facilities to the benefit of commercial and recreational fishing); and Fitzgerald Bay commercial fishing harbour to assist the Whyalla City Council in the construction of a commercial fishing harbour in the Fitzgerald Bay, primarily associated with the off-shore farming of yellow tail kingfish as part of the government's enterprise zone policy for the Upper Spencer Gulf. Total expenditure was \$1.64 million on those projects.

Mr WILLIAMS: I refer to Budget Paper 4, page 217, where the performance commentary suggests that regional investment encouraged by the Regional Development Board framework exceeded the 2003-04 target of \$60 million to reach a value of \$140 million because of 'reflected regional confidence linked to regional factors'. How does the government measure the performance of its investment in the Regional Development Board framework and how does it differentiate between that investment that results from its initiatives and that resulting from so-called regional confidence, whether driven by seasonal or other factors?

The Hon. P. HOLLOWAY: I will ask Phil Tyler to answer that. The regional development boards operate under the purview of the Office of Regional Affairs.

Mr TYLER: The assessment of performance under jobs and investment has been in place for a number of years now and it certainly has not changed under the current government. We require the boards to report on a fairly regular basis and rely on the professionalism of the boards to be able to ascertain that they can put their hand on their heart and say that they have had an active involvement in the particular project they are claiming, either a job, investment or reinvestment outcome. In terms of jobs, we measure it by a 37.5 hour week full time job that would be in place for at least 12 months. Some other agencies, such as the commonwealth, have a differing view of what is a job. In terms of developments it is obviously a dollar invested by a company and the

board has had an active involvement with that company. For instance, we would not claim some of the major projects like WMC or the realignment of the blast furnace because the boards have not had an active involvement in that. It has to be hands on with the particular company concerned.

We also have area managers who are very familiar with the boards' activities, so when a board claims a particular outcome we check the with the area manager, who is intimately involved with the activities of that board and, if those things come together, we then claim it as an outcome.

Mr WILLIAMS: Continuing on that same theme, since I have taken on the responsibility on behalf of the opposition I have endeavoured to move around the state and talk to people involved in regional development at board and local government level. How do you ensure that local government and the regional development boards are all pushing in the same direction? The feedback I have been getting is that they are not necessarily all pushing in the same direction.

The Hon. P. HOLLOWAY: Comments were made by the Economic Development Board in relation to the functioning of those regional development boards and a review is being undertaken at the moment in relation to that. The RDB framework has comprised 14 boards for more than a decade. The original boundaries were determined in conjunction with the associated local government bodies, and they have undergone minor adaptation as a consequence of local government amalgamations. The framework was reduced to 13 boards when government decided no longer to fund the Northern Adelaide Development Board (which was within the metropolitan area) under the regional development program, having regard to its predominantly urban nature.

In April 1999, the regional development task force report recommended that there be fewer, more strategic boards with incentives to encourage amalgamations. So, whilst a number of boards have considered the option of amalgamation for practical and other reasons, this recommendation has not been acted upon. In conjunction with the Local Government Association, the Regional Development Association of South Australia (which is the peak body representing all regional development boards) has commissioned a study into the current RDB boundaries and to investigate options to improve the framework. The study will be undertaken by Dixon Partnership Solutions and will involve seven regional workshops and one-on-one meetings with key stakeholders and decision-makers. A steering committee, comprising representatives of the RDSA, the LGA and the Office of Regional Affairs, will provide guidance and direction to the consultant and will receive the final report and recommendations.

The study is being jointly funded by the RDSA and the LGA. It is expected that the state government, through the Office of Regional Affairs, will also contribute some funding towards the study. Work has already commenced, and the final report (which will be provided to me) is due to be issued in September or October. That is the background flowing from the honourable member's question. Whilst it predated my time as minister, undoubtedly the Economic Development Board was suggesting rationalisation to ensure a more strategic approach from the delivery of the regional economic development initiatives. However, it is certainly not my wish that we throw the baby out with the bathwater. I will ask Phil Tyler to add a little more information in relation to that issue.

Mr TYLER: The member's question related to a couple of examples I can think of involving some fiercely independent councils which, from time to time, have some tensions

with their respective regional development boards. Out of the 50 councils in regional areas, 49 are signed up to the framework, so only one council is currently not signed up as a member council through its respective resource agreement. As with any partnership arrangement, from time to time there will be tensions. By and large, boards are very mature organisations and work through that but, at the end of the day, the board's obligation is to look at the overall strategic issues that affect its region. Generally, the boards operate very strategically and have the very strong support of their local council.

In terms of relationships with a number of programs, we now operate across the regional framework. For instance, in areas such as trade development there are four TradeStart officers in regional areas working across regional development boards. Food officers and skill migration are other examples. The framework is becoming very strategic, and it is very high-level work. When narrowed down, at various stages people will start focusing on those micro issues. As the minister indicated, we are trying to elevate the framework into a high-level strategic organisation that truly reflects the strategic priorities of the regions.

Mr WILLIAMS: Who determines those strategic priorities for each region? Is that a moving feast, or do you have a plan somewhere that identifies strategic priorities?

The Hon. P. HOLLOWAY: I think they are determined locally by the boards, but I will ask Mr Tyler to give you more information.

Mr TYLER: The state government requirement is outlined in the resource agreement. Quite clearly, we do not dictate their strategic priorities to the regional development boards. It would be silly for us to do so, because we are trying to get regions to take responsibility for what is required in their area, and we want to feed that local intelligence into state strategic planning—for instance, trying to link up the regional development infrastructure fund so that it reflects those local board priorities. It has been a key development. We hope that, when regional development boards sit down and do their strategic planning, they would look at state plans, such as the State Strategic Plan, the state infrastructure plan (when it is issued) and the population policy and look at their priorities and how they lock into those state objectives. Similarly, because local councils are partners in the framework, I would expect the boards to look at the requirements of their local member councils, but we certainly do not dictate the framework of their strategic priorities: that is up to them.

Mr WILLIAMS: Referring to Budget Paper 4, page 2.17, what are we to draw from the performance commentary with regard to projected regional employment figures for 2004-05? First, the commentary states:

The reduced target for regional employment outcomes for 2004-05 reflects the change of emphasis in the State's training and employment programs delivered by the Boards, which will now focus on the more difficult to place employment groups (mature, indigenous and youth).

Yet the table gives no targets for 2004-05. The subnote states:

As a result of the restructuring of DTED and release of the State Strategic Plan, a review of performance indicators will be undertaken in 2004-05 that will align with the expectations of the State Strategic Plan.

Does the government have any idea what it is trying to achieve, or is it merely throwing in a few dollars and hoping for the best?

The Hon. P. HOLLOWAY: First, let us deal with those issues in order. With the performance comment, the second

paragraph relates to the reduced target for regional employment outcomes—that is really related more to decisions made through the Department of Further Education, Employment, Science and Technology (DFEEST). So, it more reflects changes in its funding priorities rather than anything to do with the DTED budget because, obviously, DFEEST—through its training programs—utilises the regional development boards to negotiate some of those services.

In relation to the more general targets, obviously the government has set itself some key targets. I have to say that those in the state's strategic plan are far superior to those that existed before this government came to office two or three years ago—some of the targets we used to get in the budget papers had absolutely no value whatsoever. But the government, through its State Strategic Plan, has now set something like 79 key targets. Some of those, of course, are absolutely central to the economic performance of the state—the key one being the target to treble exports by 2013. These are stretch targets and in some cases they will be difficult for governments to achieve, but there is no point in setting a target whereby one can just fall over the line without doing anything. The whole point of having difficult targets is to keep the mind of government focused on achieving important outcomes.

So, we have those 79 targets and, in relation to the operations of this department, we will be ensuring that the elements of the major targets in the State Strategic Plan are all achieved in the various areas of government. That is why (and I am sure we will come to this later) we are developing, through the Export Council, export plans and so on that will in many ways provide the details that make up the core objectives that are part of the State Strategic Plan. They will provide many of the details about how those broader targets can be achieved. If you go on to regional areas, part of the State Strategic Plan is that we have a state-local government relations agreement which has been developed by the local government forum and is enacted between the two spheres of government. It is aimed at improving consultation and encouraging more productive working relationships, and one of its targets is to align state and local strategic plans within 12 months of the release of the State Strategic Plan and to agree on joint initiatives from them. That, in itself, is one of the key targets in the State Strategic Plan, and that is why it is important that that alignment takes place in the regional development area. Hence, we have the comment in the budget papers.

Mr WILLIAMS: It is my understanding that the regional development boards have been funded on a five-year rolling basis, but I have been informed that there has been no allowance for CPI increases since the current government came to office. The budget papers indicate that government fees and charges will be increased by an average of 3.8 per cent right across government, and the current CPI figures show an annual inflation rate of about 2 per cent. Why does the government insist on raising its fees and charges to cover rising costs to the government but not increase the funds provided to regional development boards to meet their inflation costs?

The Hon. P. HOLLOWAY: The regional development board framework comprises 13 boards. It is now into its third five-year funding cycle. All boards voluntarily agreed to enter into the new agreement. Those agreements, from a funding perspective, were not dissimilar to prior agreements and no board refused to sign the agreements due to the lack of CPI provisioning. The factoring for CPI has never been a

component of RDB grant agreements and neither is it a given, I should point out, for government agencies.

The RDB framework has nevertheless achieved substantial additional funding which effectively offsets the non-inclusion of automatic CPI adjustments. Some of those include two of the very large regions receiving additional funds to support a remote officer; there was an average increase of 15 per cent in RDB core funding in 2000-01 (as I said, it was a five-year agreement and the participating councils, which is all of them but one, are aware of that); and there was also an increase of 37.5 per cent in RDB funding for business advisers which was also effective from 2000-01.

Furthermore, the board has received substantial grants from other state agencies for program delivery, and a component of those grants relates to contract administration and thus contributes towards the boards' overheads. For example, RDBs currently receive grants for export development, regional food industry development, the promotion of skilled migration into regional areas, and training and employment programs such as through the SA Works program (and that comes back to the question asked earlier by the member for MacKillop in relation to the reference in the budget papers about changed skilled targets).

Mr WILLIAMS: The minister just highlighted a point that has been made to me by a number of boards that I have had the opportunity to visit over the past couple of months, and that is they are finding that it is taking an inordinate amount of their time chasing up these other funding sources. The minister mentioned that they are being funded by other government agencies through grants and other forms of funding, and this is the key problem that I am trying to identify. As I said, the boards are spending an inordinate amount of time chasing up those other funding sources rather than getting on with their core business, and this is because they have been forced to. As you have indicated, there has been no increase in their funding basically since the 2000-01 budget.

Further to that, some boards have told me that some boards have signed their service agreements for only three years instead of five years, and I understand that one board has signed for only one year. Is that correct? Is this funding the reason behind that?

The Hon. P. HOLLOWAY: There are a number of questions there. In relation to the first point, it has never been raised with me by the peak body or individual boards that they are having a great deal of difficulty getting grants, particularly those I mentioned in relation to export development, the regional food industry and so on. I certainly would refute the suggestion that in relation to those things the boards have had any difficulty in getting those key grants.

Mr WILLIAMS: I did not say they were having difficulty: I said they were spending an inordinate amount of time finding the grants, applying for them and following up through that.

The Hon. P. HOLLOWAY: In relation to things like the regional food industry development, it is actually part of their job. I would not say we are forcing them to take the money, but I find it hard to believe that they have had to fight too hard to get those sources of funds.

Mr WILLIAMS: I am talking about funds for their operation, to run their own office.

The Hon. P. HOLLOWAY: To run their own office, those bodies are given core funding; that is what core funding is for. But there are also additional sources that I mentioned, such as skilled migration, export development and the

regional food industry where there are various departments, not just DTED for example, but also regional food industry development. In relation to those areas, they will have no difficulty at all in accessing those sorts of funds, I would have thought, because they are government policy and we are actually talking to the boards all the time about how they can improve their services in those areas. In relation to the other question about agreements, I think the only agreement for some short time was in relation to Kangaroo Island. I will ask Phil Tyler to provide some further information in relation to that.

Mr TYLER: It depends on when the boards signed the resource agreement. It could be that we actually reached agreement on the formal words and that they are into the second year of the rolling cycle of funding. In that case, they have already had funding from the agency for the first year of their agreement, so it would be silly to backdate the agreement. We signed the agreement from that point on until the five-year cycle was up. In relation to Kangaroo Island, the minister is quite correct: we did sign a one-year resource agreement with Kangaroo Island. Minister McEwen wanted to have a look at some service arrangements with Kangaroo Island, and that has recently been renewed for a further four years which, again, means that they have had their total five-year funding.

Mr WILLIAMS: In your reply to my last question, I think you might have misunderstood my question a little. The question was about the fact that boards have not had any CPI increase in their core funding—this is for the boards' operation—since the 2000-01 budget. They have had to go out and find other sources to keep the boards operating. They have been able to do that, but their complaint to me was that it has taken them some considerable time and effort on the part of their officers within the board, and that is detracting from their ability to do their core business; that was the question. You answered that you were unaware of that. I will go back to the people who made the complaints and see if I can get the boards to contact you and bring that matter to your attention.

The Hon. P. HOLLOWAY: I am sure the boards will always want more money, but I think we are really talking about the process of the five-year funding agreement, not that they want more money.

Mr WILLIAMS: Budget Paper 4, page 2.5, under 'Targets' relates to facilitating 'investment and development of the major private sector projects of strategic significance to the state'. How does the government reconcile this expenditure on promoting South Australia as one of the best places in the world to do business? This, of course, is a fact which reflects South Australia's relative cost advantage due to a number of historic facts, including lower property values, lower wages and salaries and lower prices of general goods relative to most other states, rather than because of any policies of the current government. How does it reconcile that expenditure with its failure to ensure that SAMAG (South Australian Magnesium Proposal) was not lost to the Port Pirie region? South Australians who have followed this project were amazed by the Treasurer's dismissal of the lost opportunity and his attempt to blame electricity prices and previous government's policies when an integral part of the project was its own electricity generation from gas delivered by the SEA Gas pipeline. The Treasurer said that this was not, in fact, a body blow to South Australia. I suspect that it is certainly a body blow to the Port Pirie region.

The Hon. P. HOLLOWAY: Do you want my comments? It certainly would have been nice if that project had gone ahead; obviously, we would have preferred that. I think one can perhaps ask some questions about the company that was pushing that project and ask how serious it was in terms of getting it up and running. The South Australian government offered \$25 million of infrastructure assistance which was due to expire later this year, I think. As far as I am aware, we are the only state government that offered that assistance. Unfortunately, it was not matched by the federal government. I remember going to a public meeting in Port Pirie last year, where questions were asked about the fact that at that time we were having an inquiry into it. One of the reasons we undertook that inquiry into the SAMAG project was that the commonwealth government raised issues in relation to support for the project. We had two separate studies at the time, hopefully to satisfy those commonwealth concerns and encourage them to provide the necessary assistance.

The South Australia government has done everything possible—this applies not just to this government, but also to the previous government—to get that project there. I think one can really question just how genuine the proponents of that proposal were and just how competent they were to bring that project to Port Pirie. However, from the point of view of the state government, I believe we have done everything that we possibly can. We have had discussions with the federal government about its assistance on a number of occasions throughout the life of the project. But, of course, it failed to commit any money. We continued to support the project right up to the time of the announcement by MIL.

We certainly share the disappointment of the people of Port Pirie that, at a time of unprecedented resource and mining activity, MIL has been unable to attract equity investors or funding to the project. However, a number of other projects are going ahead in the Upper Spencer Gulf and the Outback, and we will be moving on. We are not going to worry about the fact that this project has not eventuated. We would have liked it to have done so, but there are certainly plenty of others. Zinifex, the new owner of the Port Pirie smelter, will be spending, on average, \$30 million per annum in Port Pirie over the next three years on major capital and environmental upgrades. OneSteel has commenced work on relining its blast furnace (which is an \$80 million project at Whyalla), and is currently undertaking a feasibility study for a major mine expansion, which could add another 20 years or more to the life of the operation. We are very optimistic about that.

Western Mining Corporation has recently committed \$50 million over the next two years to undertake a feasibility study into the expansion of copper production at Olympic Dam. The total project cost could be between \$2 billion to \$4 billion. We are also looking at a \$150 million refurbishment of the Playford B power station by NRG Flinders, and Minotaur Resources is exploring a major new copper/gold deposit in the Gawler Craton area, which has the potential to be a significant new mine in the region. That, of course, would be at Prominent Hill, where it is involved with Oxiana. The government has also committed to our drilling and exploration initiative, and there is the \$3 million over the next four years for the Upper Spencer Gulf and Outback enterprise zone fund.

Of course it would have been nice to have had the SAMAG project, and obviously we are disappointed. We think that the people of Port Pirie would also be very disappointed with MIL, which had been talking up this

project and peddling it around. It is now talking about Egypt, the Persian Gulf and Queensland. I think that is what it has done a lot of over the past few years—talking. But we are not going to worry about that: we will get on with other more tangible projects.

Mr WILLIAMS: Does the minister agree with the Treasurer's comments that this is not a blow to the economy and that 'it does not even rate or register on the radar screen'?

The Hon. P. HOLLOWAY: Of course one would like a project to go ahead, but I think there were always questions about the bona fides of that company. We gave it every opportunity. We put up the \$25 million. We stuck to that. We did a review of it. We did everything we could to convince the federal government to support this project. But I remind members that a major magnesium project in Queensland that had significant commonwealth support (which it would not provide for Port Pirie) of, I think, \$100 million did not go ahead. Given that that project did not go ahead, maybe that says something about the state of the magnesium market at the moment. Presumably, if it had been so saleable, backers would have come in. We did everything we could as a government to provide the opportunity for that project to proceed. But we are not going to waste tears over it: we will get on with other projects.

Mr WILLIAMS: I again refer to the targets in Budget Paper 4, Volume 1, on page 2.5. Regarding the target to facilitate additional contracts for South Australian industry through increased import replacement, what specific imported goods have been identified as being candidates for replacement by the South Australian producers and which regions, if any, have been targeted to capture those opportunities, or is this a mere wish list?

The Hon. P. HOLLOWAY: I think the import replacement question really covers a number of areas. The export council, in looking at export opportunities, has made the point that, as well as looking for export opportunities, if we can achieve import replacement we are also doing something very positive for our economy. I know that the export council is looking at it as part of its activities. It is also really a core objective of the South Australian Industrial Supplies Office (SAISO), which is currently a unit of the Department of Trade and Economic Development. It does have that core objective to assist South Australian companies to compete against import products and services. The South Australian Industrial Supplies Office supports procurement teams at the early stages of project development to identify supply opportunities for large-scale infrastructure development, for technology transfer and also for major outsourcing projects.

From its inception in 1986 to 31 March 2004, SAISO has facilitated approximately \$651.12 million in import replacement and local content opportunities for South Australian companies and has conducted numerous workshops and seminars to raise the capability of local industry. In 2002-03 the achievements of SAISO included facilitating opportunities to the value of \$70 million with South Australian suppliers and dealing with some 300 new general inquiries. That is the instrument that the government will be using in its import replacement. I do not have any particular breakdown in relation to regional areas but, obviously, it is something that we would look at as a mainstream department. I am advised that, in fact, the RDBs do a lot of work with the industrial supplies office in relation to those issues. But it is really something that is important right across the state, not just in regional areas.

Mr WILLIAMS: I guess that by the question I was trying to ascertain whether the government has identified any particular areas where South Australia is importing significant value for product which could be sourced interstate, and whether that has been specifically targeted.

The Hon. P. HOLLOWAY: I will relate just one piece of anecdotal evidence. I was speaking to someone who was looking at olive oil—which is more an agricultural area. I discovered the other day that we import a remarkably large amount of olive oil. There are obviously people looking at import replacement. That is just one area in the agricultural sector. But, clearly, the industrial supplies office will be looking at manufactured type goods.

Mr WILLIAMS: That is a very good example, because an olive oil crushing plant has just started production in my electorate in this picking season. It has just about finished the harvest as we speak.

The Hon. P. HOLLOWAY: Yes, that is right.

Mr WILLIAMS: That is an obvious example. I understand that the operator did not receive any government support for that plant. That is one of the things behind the question—

The Hon. P. HOLLOWAY: We always like companies that do it without having to—

Mr WILLIAMS: Absolutely. And I expect that it will be very successful. With regard to the target to lobby the commonwealth government to maximise trade outcomes for South Australia, considering that regional South Australia is responsible for such a high proportion of South Australia's exports (and ABS figures suggest that this is well over 50 per cent), what specific actions have been requested of the commonwealth government to enhance our trade outcomes and improve economic development in our regions?

The Hon. P. HOLLOWAY: The government supports three regional development boards in the Upper Spencer Gulf Common Purpose Group with funding of \$20 000 per year to complement the TradeStart programs run in those regions. Funds are used to promote export awareness, to train firms in order to become export ready and then to work with firms in developing contacts overseas and entering into contracts. This work is all undertaken in close association with the commonwealth government's Austrade agency. In addition, this government has provided financial support of \$25 000 towards a new exporting the Murraylands program being developed by the Murraylands Regional Development Board and \$20 000 towards a program to be run in the southern Fleurieu region through the Fleurieu Regional Development Board. That program will focus on wine and food exports and small manufacturing.

In both cases the regional development boards will identify firms that have the potential to export and work with those firms to ensure that their quality systems, administration and accounting procedures and so on will support export activity and assist those firms to identify markets for their products. These initiatives are in addition to the normal business advice services provided by the 13 business advisers funded by DTED through the Office of Regional Affairs and the support offered to RDBs in the inner regional areas, the Adelaide Hills, Barossa and Kangaroo Island through the export development officer located within the Department of Trade and Economic Development.

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

The Hon. G.M. GUNN: When Mr Eastick left as the CEO of the Northern Regional Development Board he made a number of comments with some gusto about the lack of funding holding back development boards and there not having been an adequate increase in the funds available. Does the minister have any comments to make in relation to the criticism and comments made by Mr Eastick prior to his departure for Tasmania?

The Hon. P. HOLLOWAY: That has been covered, to some extent, in part of an answer to a previous question. I do not have a copy in front of me of the specific criticisms that that person made. We are now working very productively with the Northern Regional Development Board and the new CEO, whom I met at a meeting we had in relation to explaining our new mining initiative. He appears to have strong support within his region and I think the new board will go very well under his leadership. Obviously some issues were raised in relation to the management. I believe that the Office of Regional Affairs has been working with that body to address some of those concerns in relation to the funding, but I would suggest that some of those funding concerns were not the fault of government but were as a result of some decisions in the region. I really do not want to say anything further than that.

The Hon. G.M. GUNN: As we are dealing with regional development and the importance of small communities and the difficulties they face, is the minister aware that people who run tourist facilities in places such as William Creek are being slugged when they attempt to freehold their properties so that they can be in a better financial position to further expand them? As the minister would know, I think that people should be given all the help and assistance they need to establish and improve business in a small community such as that without getting hit \$20 000 or \$30 000 to freehold a block of land, or \$7 000 to freehold a house block. It is just ludicrous and stupidity of the highest order. I hope that most of us would want to see these sorts of communities, which are so important to the tourist industry, succeed.

It is hard enough to get people there without having this unnecessary red tape and bureaucracy. I do not know whether the minister is aware but many people will be visiting William Creek in the near future because of a cattle drive and an Australian Bronco Branding. The local progress association—good, local, hardworking people—want to knock down the old shed at their racetrack where they have been holding races for 40 years. They have received a lot of donations towards the building of a new shed, and now they have been told that there may be native title considerations and that they cannot build the shed. They have been holding races at that site for 40 years. You have the Sir Humphreys in the Attorney-General's department and others dreaming up these harebrained arrangements.

The committee may think that I am being a bit over the top, but it is terribly annoying and frustrating because the money they raise all goes to the Flying Doctor. It is just so frustrating for these small numbers of people. It appears that red tape and bureaucracy has lost all sense of direction and purpose; it really does. You may think that I am being a bit over the top, but as a member of parliament it is my responsibility to raise these issues and, if I have to embarrass someone, I hope I have, because, compared with the comments I will make about them if it continues, this is very mild, let me tell you.

Ms Breuer interjecting:

The Hon. G.M. GUNN: If the honourable member is not concerned about this, I would be surprised.

Ms BREUER: I am concerned, but there is a time and a place. This is an estimates committee.

The Hon. G.M. GUNN: We are spending money on regional development, what are you talking about!

Ms Breuer interjecting:

The Hon. G.M. GUNN: I have every right. It would be a good idea if the member goes back to having a snooze. This is dealing with development. I am pro-development—I do not know whether you are—and I want to see facilities built so that when thousands of people travel up there they have somewhere decent to stay. The Flying Doctor needs money, these people are trying to raise it and we should help them.

Mr RAU: On a point of order, is the question properly one to the minister or a civil servant called Sir Humphrey?

The CHAIR: I am sure the minister will be able to respond.

The Hon. P. HOLLOWAY: I am not aware of this specific issue in relation to William Creek. The only correspondence I have had about William Creek involves a number of letters from Queensland about the state of the airport.

The Hon. G.M. Gunn interjecting:

The Hon. P. HOLLOWAY: That has already been anticipated. We have referred that to the Outback Trust. What the government has done in this budget is to establish the Upper Spencer Gulf Enterprise Zone Fund, which, with its \$3 million over the next few years, will enable some of the many issues in those Outback areas to be addressed. One of them that has been raised with me in parliament is the water supply issue at Glendambo and Andamooka. There is a huge demand for resources to be placed into some of those Outback areas. The Upper Spencer Gulf Enterprise Zone Fund is deliberately devised to include those Outback areas so we will have some source of funds to address these areas. Obviously demand will exceed supply, but we will do what we can.

The Hon. G.M. GUNN: They are not actually asking for money. The people want to freehold their blocks and they want to be able to build this shed on the racetrack. If this situation continues, there will not be the cattle drive. In today's society, people are entitled to have some reasonable facilities, such as a shelter where they can have a barbecue and other conveniences, which are not going to cost the government a great deal. Reasonable people become unreasonable when they are treated in an unreasonable fashion. I know that this is not your responsibility but you are the minister for regional development and it is terribly important that these facilities go in for the travelling public's benefit.

The Hon. P. HOLLOWAY: I will make sure that, through the Office of Regional Affairs, we take that up with the relevant department. That is the best we can do for now.

Ms BREUER: There is an important question that I want to ask the minister. We have talked a lot about the regional development board framework, and regional areas play a large part in achieving the targets in the State Strategic Plan and regional development boards play a big role in this, and I understand that in my electorate. Is the government intending to provide extra resources to regional development boards to allow them to do this?

The Hon. P. HOLLOWAY: The answer to that is yes. We did cover some of the important work that was done by regional development boards in answer to an earlier question. We also explained some of the additional sources of funds that were available to the regional development boards. The

state government has decided to boost funding to all of the 13 regional development boards by \$650 000 this year, that is, in the 2003-04 year. We are anticipating that the boards will use this additional funding, which relates to \$50 000 as a one-off ex gratia grant for each board, for programs contained in their own strategic plans that target priorities areas in the State Strategic Plan, particularly in small business and export development.

The State Strategic Plan makes it clear where we want South Australia to be in five, 10 and 20 years from now with the 79 targets that we would like met. The strength of this plan is the interdependency it places between economic strength and social development. South Australia faces a major challenge to achieve rates of economic growth better than the Australian average over the next 10 years, but that is the target we have set ourselves.

Over the next 12 months the government also aims to align the local strategic plans with the State Strategic Plan and agree on joint initiatives from these plans. The regional development boards have been very active and are doing a great job on behalf of their regions. In the current year they have assisted with projects having a combined investment value in excess of \$120 million and they have played a role in the creation of over 1 200 new jobs. The boards also play an extremely important leadership role in developing business and community capacity, so I am very pleased to announce that, from the funds that were left in the 2003-04 year, we are able to provide that one-off ex gratia grant to enable the boards to deal with many of the additional demands on them, some of which we have just heard about from the member for Stuart.

Mr WILLIAMS: I am delighted to hear that statement, but I am not sure whether that decision was taken during the lunch break. I do not know why you did not use that information this morning. The member for Stuart talked about some issues in the Outback areas of his electorate and the minister spoke about the Outback Areas Zone Fund that has been established to help the Far North of the state. Who will be responsible for managing those funds? Will it be the regional development board people or will it be the regional ministerial office, based at Port Augusta?

The Hon. P. HOLLOWAY: The Office of Regional Affairs will be responsible for that. The Upper Spencer Gulf and Outback Enterprise Zone Fund will encourage value-adding industries to locate to Port Augusta, Port Pirie, Whyalla and Outback communities to broaden the economic base of the region. The enterprise zone has been developed to reflect Upper Spencer Gulf goals and priorities and link with the Upper Spencer Gulf common purpose group strategic plan and the priorities of individual regional development boards that cover the Upper Spencer Gulf and the Outback region.

The fund is to be accessed by companies that contribute to the increase in investment and/or jobs within the Upper Spencer Gulf and Outback or by other organisations to fund specific initiatives that will lead to an increase in the competitive advantage in the Upper Spencer Gulf and Outback. Defence and aerospace, resource processing, transport and services and tourism are the industry sectors identified by the Upper Spencer Gulf common purpose group as priorities. The government is keen to work with local organisations, local government and business in areas such as infrastructure planning and training and maximising the potential of local industries.

An amount of \$3 million will be allocated to the fund over the next four years to implement specific initiatives through a management committee comprised of local representatives from the region and the South Australian government. The establishment of the fund follows a number of recent state government economic development and social inclusion initiatives in the region: the regions at work program, providing more than \$1.3 million to the region this year; the Social Inclusion Board's Innovative Community Action Networks (ICAN) project, injecting \$400 000 into the region; and, \$1 million support for the new commercial fishing harbour near Whyalla, which was in the 2003-04 current financial year regional development infrastructure fund.

The enterprise zone's work will also complement the new minerals and energy exploration policy. Metal fabrication, heavy engineering, arid zone research development and technologies, aquaculture and energy have been identified as other industries where there is further scope for development in the Upper Spencer Gulf. The state government currently facilitates local content through supporting the activities of three Upper Spencer Gulf regional development boards, the ISO and the Olympic Dam expansion task force, to identify opportunities for local content in significant projects. The ISO maintains a capability database on firms within South Australia that can be accessed by ISO sites throughout Australia and New Zealand.

The Upper Spencer Gulf common purpose group also supported the establishment of Global Maintenance Upper Spencer Gulf, which is a cluster of Upper Spencer Gulf firms seeking to attract work from outside the region. It is an important new fund, and those specific initiatives will be through a management committee comprised of local representatives and the department.

Mr WILLIAMS: Before the lunch break we were talking about exports from South Australia, which peaked at a dollar value of \$9.16 billion in the 2002 calendar year and have been falling ever since. Notwithstanding the government using various excuses ranging from drought to globalisation, ABS figures show percentage falls in exports range from 33.7 per cent over that period for wheat (which was affected by the drought) and 27.5 per cent for road vehicles (which were not affected by the drought, and in dollar terms had a significant effect on the final outcomes), to 16.9 per cent for fish and crustaceans, 15.9 per cent for metals and 3.5 per cent for machinery, amongst other exports that were unaffected by the drought, to give an overall 18 per cent drop in exports for the 2003 year relative to the 2002 calendar year.

The trend continues to fall with figures showing South Australia's share of the total Australian exports remaining flat on 7 per cent for each of the past six months to April (the latest figures available) after rising to 7.7 per cent of the Australian total and holding that for most of the 2002 calendar year. As over 50 per cent of South Australia's exports are generated from regional areas, does the government have any firm ideas about which industry sectors might at least treble over the next 10 years to provide a tripling of South Australia's exports, as per the State Strategic Plan? What programs are being promoted by the government to make this a reality?

The Hon. P. HOLLOWAY: We are moving outside regional development to more generic areas.

Mr WILLIAMS: The point I was making is that, because the regional areas currently contribute a significant portion of South Australia's exports, we will need to look at growing significantly in regional areas.

The Hon. P. HOLLOWAY: They do, and one of the plans has been in existence for some years now, and the Premier quite rightly gave credit to the previous government for the food plan initiative. That has well established targets for growth over the next few years, and within my old Department of Primary Industries and Resources a number of plans have been developed in relation to specific agricultural industries. The wine industry is one of the sectors that has shown significant growth and will continue to do so. In the previous portfolio I had a lot to do with aquaculture, which is one of the growth areas.

The mining industry has significant potential to increase growth. There are other parts of the manufacturing sector which also have been showing significant growth. Electronics is an industry that has been growing particularly rapidly over the past decade, but, if we are looking at the reason for the recent fall in exports, the year the honourable member was referring to with the \$9.16 billion export corresponded to the year when we had a record grain harvest—probably the best rural season in 100 years and one of the best this state has ever had. It was perfect in terms of the rainfall and distribution of it over the state.

Mr Williams interjecting:

The Hon. P. HOLLOWAY: If you have 9 billion tonnes of grain compared with an average of about six tonnes, it is significant. In grain alone it would have been half a billion dollars of value. A number of factors will influence our exports. The rise of the dollar has been one of them in recent days, but this government is setting long-term targets. There is a 10-year objective and it is important that we keep focused on achieving those long-term goals, which is what the wine industry did. It looked at the long-term objective, and its achievements have been fantastic over the past 10 years. Within that there will be influences that will come and go in various industries over the time, but we need to be focused on the longer term objective. I will put on the record some of the correct figures.

South Australia's recent export performance has been heavily impacted by the drought, the appreciation of the Australian dollar, the slowdown in world economic growth and also the SARS outbreak, which had a significant effect on seafood in particular. The most recent export figures show that the value of South Australian overseas goods exports fell by 14 per cent in the year to April 2004 compared with the year to April 2003. National goods export values fell by 9.5 per cent over the same period. South Australian export figures have been impacted more heavily due to our greater reliance on field crops affected by the drought and automotive exports to the Middle East, which of course have been affected by the recent Iraq conflict.

Many of these issues have now passed, and the outlook for South Australian exports looks more positive. While export values are still falling on a moving annual total basis, if an analysis of South Australian overseas goods exports is conducted on a moving quarterly basis, a pick-up in export values is apparent. Although quarterly figures are subject to greater volatility and thus, like all statistics, should be treated with caution, they are quicker to pick up turning points. Comparing the three months to April 2004 with the three months to April 2003 shows that total export values increased by 0.6 per cent, with large increases in road vehicles, parts and accessories (up 23 per cent) and wheat up 11 per cent. I think that is probably sufficient information.

Mr WILLIAMS: This will be my last question to the minister, although we have not had the opportunity to raise

a number of matters. One of my favourite issues in relation to regional development is the lack of housing in many regional communities, to which I would dearly like to see the government take a more positive and proactive approach. I believe that we have opportunities to significantly work towards some of the goals set out in the State Strategic Plan simply by providing housing in our country areas, where we will do a lot towards population targets and meeting our export goals. But, without people being able to move into country towns to fulfil the industry's need for workers, we will continue to miss out on those opportunities.

Having said that, my question relates to regional impact statements. On Thursday 5 June 2003 minister McEwen made a lengthy ministerial statement to the House of Assembly announcing the introduction of a new system of regional impact statements. Notwithstanding that the government had previously announced that regional impact statements would be made public, he drew a distinction between a regional impact statement and 'assessment', which I think was the word he used. He said, 'The Office of Regional Affairs is developing a guide to regional consultation to assist agencies to undertake such consultations effectively.' He went on to say that all completed regional impact assessment statements—and he emphasised all of them—will be:

... publicly released to ensure transparency and accountability for the community. For the first time communities, including individuals, local members of parliament, key stakeholders and any other interested parties will be able to have an active role in the decision making processes affecting them ahead of the event. Surprise, surprise!

How many regional impact statements have been produced by the government in the last 12 months since minister McEwen made that statement? Can you tell me not only how many but also, if any have been made, to what projects or propositions those regional impact statements pertained?

The Hon. P. HOLLOWAY: We are really talking about two sorts of statements here. First of all, there are regional impact statements—

Mr WILLIAMS: The question is about the assessments.

The Hon. P. HOLLOWAY: I think it is important to explain this. All cabinet submissions are required to include a regional impact statement. If it is not a matter related to regional areas, that statement might just be a simple one-line statement or, in other cases, it might well run into a number of pages. That is part of all cabinet submissions. With the policy adopted from July 2003, if any significant change in service is proposed, a more extensive regional impact assessment statement is required, and guidelines are available on the web site and in hard copy.

The more comprehensive regional impact assessment statement involves the public documentation of the community consultation undertaken, a detailed description of the social, economic and environmental impacts, plus strategies to mitigate negative impacts, where appropriate. To date, two regional impact assessment statements have been completed—both by the South Australian Ambulance Service. These documents are publicly available from the South Australian Ambulance Service web site. The completed reports inform the public about the centralisation of the communications operations from regional centres to Adelaide. A number of regional impact assessment statements are in progress. These relate to water salinity, water restrictions, the licensing of Lower Murray irrigators and Transport SA plant procurement. Introducing the policy, the government intended to bring about a cultural change so that policy

makers (which includes the minister and public servants) become more sensitive to the regional impact of their decisions. The government also understood that it was embarking on a cultural change process and that it would not happen overnight.

The Office of Regional Affairs will review the regional impact assessment policy and its implementation later this year, in accordance with an undertaking given by minister McEwen last year. Recommendations will be made in cabinet in order to improve it as a method of bringing regional issues to the forefront of government decision making.

Mr WILLIAMS: Are those regional impact assessments made available prior to or after the decision being made? I repeat that, in his ministerial statement, minister McEwen said that for the first time the various parties will be able to have an active role in the decision making processes affecting them ahead of the event.

The Hon. P. HOLLOWAY: The idea is that those reports will be made available as soon as they are prepared—

Mr WILLIAMS: Is that before the government makes a decision?

The Hon. P. HOLLOWAY:—which would normally be in advance of the decision being made. I assume that was the case in relation to the two assessments that have already been prepared. Some people have criticised the number of impact assessment statements that have been undertaken, but I think they indicate that, under this government, there have been very few significant changes of services affecting rural areas.

When this policy was first devised it was from opposition. There have been a number of closures of facilities within regional areas—the State Supply Office at Mount Gambier was one case in point that the then opposition had highlighted the time—but under this government there have been very few proposals that would reduce services to rural areas.

The CHAIR: I understand that that completes the questions on regional affairs.

Additional Departmental Advisers:

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

Ms J. Byrne, Director, Office of Trade, Department of Trade and Economic Development

Mr M. Ortigosa, Director, Strategic Projects, Department of Trade and Economic Development

The CHAIR: Do you have an opening statement regarding this topic?

The Hon. P. HOLLOWAY: I thought we might be able to cover some of the issues that are likely to be raised in relation to the departmental restructure. The Department of Trade and Economic Development provides a new strategic focus that the government is seeking to apply in addressing the challenges of economic development in our state. The department's creation from 8 April this year flowed from a recommendation from the Economic Development Board that the former Department for Business, Manufacturing and Trade be restructured and down-sized. The new department is working towards a new economic structure for South Australia that will generate sustained increases in jobs and living standards well into the next decade and beyond. The department is the key government agency responsible for economic development matters in South Australia and reports directly to me as the Minister for Industry, Trade and Regional Development. The department has been structured

to provide a strong union between the policy-making and implementation arms of government.

The new department comprises the divisions of Industry Strategy and Liaison, Economic Analysis and Policy, Economic Development, Strategic Projects, Defence Unit Business Development Services, the Office of Regional Affairs and Corporate Services. The new department works closely with a number of key economic advisory bodies including the Economic Development Board, the Export Council, the Defence Industry Advisory Board, the Manufacturing Consultative Committee, the Regional Communities Consultative Council, the Small Business Development Council and the Venture Capital Board. The EDB has stated that the turnaround of the South Australian economy will not be achieved overnight but that it would take at least 10 and perhaps 20 years. It is therefore critical for the state to work against a long-term plan. This requirement has been met by the state government's production of the State Strategic Plan.

The plan aims to build on the current encouraging positive economic outlook for the state. South Australian state final demand grew strongly in the March quarter this year, up by 1.3 per cent and recording an annualised growth rate of 4.7 per cent. Strong growth was also recorded in household consumption expenditure, up 1.4 per cent and business investment, up 3.2 per cent. The state's unemployment rate has remained at its lowest levels in around 20 years and in March it reached 6 per cent, equalling the lowest level recorded in 25 years. South Australia's nominal retail turnover rose by 0.1 per cent in seasonally adjusted terms in April, following strong growth in March of 1.6 per cent. As well, private new capital expenditure by business (excluding housing) in South Australia grew by 12.1 per cent to \$4.4 billion in the year to March 2004.

One of the government's priorities has been population growth, and I am pleased to report that our increase of 0.6 per cent in 2003 was the strongest growth recorded for four years. Overall, business confidence is upbeat and the state's strengthening economy is backed up with sound financial management, as indicated by our upgraded rating from Moody's from AA2 to AA1. Standard and Poor's has also changed its economic outlook for the state from stable to positive with a credit rating of AA+ and they believe that South Australia will achieve a AAA rating within three years. The Department of Trade and Industry will have a major role in ensuring that the government, business, industry and, indeed, the community strive to reach the ambitious benchmarks set in the State Strategic Plan. The budget for the new department for 2004-05 reflects the amalgamation of the former Office of Economic Development Board and the Department for Business, Manufacturing and Trade, the transfer of funds for various functions between the two years, savings and new initiatives funding. This has given rise to substantial movements from the 2003-04 budget.

The process of refocusing the economic development functions of government has been ongoing for some years, resulting in a number of agency restructures and amalgamations. This process culminated on 8 April when the Department for Business, Manufacturing and Trade changed its name to the Department of Trade and Economic Development. This has resulted in a total operating expenditure budget for the Department of Trade and Economic Development for 2004-05 of \$106.564 million. This included the budget for the Office of Local Government of \$4.198 million. Significant savings of \$17.2 million have been achieved through the department's restructuring and the run-down of

the industry investment attraction fund. New funding of \$6.62 million in 2004-05 has been provided for strategic industry support, Kangaroo Island power augmentation, Upper Spencer Gulf infrastructure initiatives, and the marketing of economic development initiatives.

Whilst the budget of the new department has been reduced by \$29 million, some \$18.6 million is being redirected to other agencies that will take a lead role in economic development initiatives in specific sectors. These agencies have, in fact, been provided with moneys in 2004-05 in addition to those moneys transferred from the Department of Trade and Economic Development. Specific areas include: Department of the Premier and Cabinet population policy, implementation of initiatives to increase the state's population, \$2.68 million; the Venture Capital Board, Investor Ready program, \$70 000; Department of Treasury and Finance, management of the IIAF, \$1.2 million; PIRSA, the South Australian Food Centre, additional funding, \$2.27 million; PIRSA, the South Australian Wine Industry Council, additional funding for \$500 000; and Planning SA, implementation of the EDB recommendations for planning processes, \$2 million.

The government has changed the focus of future industry assistance from that of targeting individual companies to a broader approach with the emphasis being on supporting necessary infrastructure development. In addition, the government will support economic development in this budget through initiatives such as: \$950 million for capital projects and programs in 2004-05; \$14.7 million over the next five years to accelerate mineral exploration in South Australia; \$8 million towards the Premier's science and research fund; a reduction in payroll tax from 5.67 per cent to 5.5 per cent from 1 July this year. This reduction is expected to deliver payroll tax relief of \$94 million over four years. It is estimated that 5 500 firms employing approximately 340 000 employees will benefit from the reduction. Police duty and cheque duty will also be abolished from 1 July at an estimated cost of \$5.2 million in the first year. Over four years, more than \$22 million will be returned to South Australians.

Finally, there is the abolition of debits tax from 1 July next year which will return \$180 million to South Australians across the out years. Looking ahead to 2004-05, the Department of Trade and Economic Development will set a number of targets in the pursuit of sustainable economic growth consistent with the State Strategic Plan. Under the leadership of the new Chief Executive, Raymond Garrard, the department will need an integrated approach to economic policy and planning across government. Its major programs will be: economic strategy and policy, business and manufacturing capability, small business, trade development, regional development and major project facilitation and implementation. It is in the context of these programs that the department will develop and facilitate the implementation of strategies and major projects for industry, trade and regional growth in partnership with business, economic and industry advisory bodies.

Mr HAMILTON-SMITH: I would like to make a short opening comment and then ask questions. I thank the minister for his opening remarks. The opposition takes this opportunity to thank the staff for the work they have put into preparing for today. We realise what a commitment is required. The opposition has a slightly different view to the government of the state of the South Australian economy. The minister mentioned that it is the government's aim to turn the economy around. Our view is that the economy was turned around during the time of the last government after the catastrophe

of the State Bank. We believe that the table in Budget Paper 3, page 2.5 showing debt levels at the time of Labor's departure from office in the early nineties at just short of \$700 million per year in debt servicing requirement, to a debt servicing requirement at the time that Labor took office in early 2002 of just over \$100 million per year is testimony to that point.

The economy was turned around by the industry development policies of the former government, including a debt reduction program and targeted industry attraction. When an economy is in desperate condition, dynamic measures are required. While the opposition recognises the time is now right for change, we have some concerns about the State Strategic Plan and the government's industry policy of essentially hands-off and leaving industry to its own devices. We believe that, if the government takes a hands-off approach and leaves industry to do what it will, industry developments will naturally gravitate to markets and capital and, by that means, to the eastern states.

We believe that the Australian economy is presently experiencing good times. Interest rates are at record lows. As a reflection of global economic circumstances, South Australia is part of that economic sunshine. This is the time to make hay; this is the time to restructure and transform the economy; and this is the time to rebuild. We feel that those opportunities are being lost. Testimony to that is in Budget Paper 4, Volume 1, page 2.30, which outlines the tragedy of reorganisation, restructuring and ministerial reshuffles within the area of industry and trade, which has seen so many ministers, so much restructuring and so much reorganisation in the space a little short of three years. We express great concern at the destruction of the Centre for Innovation, Business and Manufacturing and the departure of the services it once delivered. Shortly I will ask questions about whether the EECs and other measures introduced by the government will adequately replace that service.

As I mentioned earlier, we note with interest the debt reduction strategy of the former government and the points the minister made in regard to Moody's and Standard and Poor's and the lifting AA1 and AA plus respectively from those two agencies largely being on the back of the number one point, that is, the debt reduction strategy of the former Liberal government facilitated by the sale of certain state government assets. This has created the opportunity to restructure and transform, and it created the fiscal flexibility for us to build a new future for the state. We are focused on South Australia's performance relative to other states in the last few years.

We think that downturns in employment, tourism performance, exports and a range of other key economic indicators relative to other states show that we are slipping further behind. We think that opportunities are being lost as a result of this government's policies in the de-resourcing of industry and trade. In this budget we have concerns. For instance, in Budget Paper 3 on page 2.12, \$22.6 million has been taken from industry investment attraction with no apparent strategy to put that money into another industry development opportunity. Some \$40.3 million from the department's operations overall—a total of \$62.9 million over four years of so-called savings initiative in this area—is seemingly not replaced by an equivalent investment in some new strategy to build new opportunities for the economy.

My first question relates to Budget Paper 4, Volume 1, page 2.22, 'Total expenses'. The minister will be aware that my colleague the shadow treasurer recently raised concerns

about the longstanding association with the Labor Party of the minister's newly appointed CEO. Whilst I do not intend to pursue that issue here (it has previously been addressed in the parliament), the integrity and independence of the Public Service is of vital concern to us and I want to raise some concerns about a similar issue. The opposition has been contacted by a number of constituents who have expressed concern at departmental resources being used to promote a fundraising function for a Labor Party candidate. The minister recently attended a launch in the northern suburbs at which he acknowledged the good work undertaken by the Salisbury Business and Export Centre. The minister, through his department, provides substantial funding to this organisation. The Salisbury Business and Export Centre has been advertising widely what it calls a business lunch. In fact, this lunch is a fundraising lunch for the federal Labor candidate for Makin, Tony Zappia, which involves speeches from Mr Zappia and federal shadow minister Bob McMullen. It is important to note that Mr Zappia is the Mayor of the City of Salisbury, which is the other major funding partner of the Salisbury Business and Export Centre.

The opposition does not want to be critical of the staff of the Salisbury Business and Export Centre, but we have been provided with a copy of the invitation from Mr Zappia that invites small business people to the Tony Zappia Business Luncheon on the Federal Budget and Labor's Future Plans. The cheques for \$45 are to be paid to the 'Tony Zappia Makin campaign'. The opposition has also been advised that officers of the Department of Trade and Economic Development, under the newly appointed CEO, have been using departmental resources to help advertise this fundraising function for the Labor Party. Was the minister aware of this Tony Zappia business lunch and, if so, who advised him of it?

The Hon. P. HOLLOWAY: The member has made a number of accusations, particularly those involving departmental resources. If the member is going to make those accusations he should provide some evidence in relation to that matter. I know that the person who is writing these questions, the Leader of the Opposition in the Legislative Council, has made some absolutely appalling, scurrilous and unnecessary attacks on senior public servants. He does that all the time. That seems to be the way he wants to end his political career after 22 years. Perhaps it was his failure as a treasurer that makes him so inclined to do that.

What the member failed to mention in his preliminary comments is that, whereas he sold \$8 billion worth of assets, he reduced debt by \$6 billion and \$2 billion was left over. When this government came to office the former treasurer challenged this government. When we criticised him for failing to get accrual surpluses in this state he said that the Labor Party would never be able to achieve that goal. In fact, we have. The state for the first time, through the course of this government, has achieved accrual surpluses, which is something that the previous government could not do. If the member has any evidence in relation to any specifics of his allegation about people assisting in relation to that matter, he should provide them to me or to the committee. It certainly does not have a lot to do with the items in the budget before us.

Mr HAMILTON-SMITH: The opposition has a copy of the invitation, and I will see that that is provided to the minister. My second question is: will the minister order an urgent review on this issue and, given the CEOs' longstanding association with the Labor Party, can the minister give an

assurance that the review will not be conducted by the CEO but by an officer who is completely independent?

The Hon. P. HOLLOWAY: I suggest that all those things have been done in relation to this previously. The member is talking about a long association. We had the Leader of the Opposition making allegations about how the head of this department had originally worked for prime ministers Hawke and Keating. My understanding was that he was employed by the Department of Prime Minister and Cabinet as an economist, along with hundreds of other people. It is just that at that time the prime minister happened to be Bob Hawke. To make allegations that if someone works as a public servant under a particular government it somehow or other aligns them is just beyond me. It is certainly true that Mr Garrand worked in the Premier's office at a later time, but I think that sort of glaring inaccuracy in those allegations that were made by the Leader of the Opposition in the Legislative Council illustrates the whole flavour of his comments.

I think it is a rather sad state of affairs when we have senior public servants with considerable ability being attacked. What is worse is the gross hypocrisy of those people who make attacks. As I understand it, Denis Ralph was the former chief of staff of Rob Lucas when he was minister for education: he appointed him head of staff. The taxpayers had to pay nearly a quarter of a million dollars to get rid of him when his Liberal predecessor, as minister for education, did not want that person as head of their department. Yet this is the person who is trying to lecture this government on appointments that are made in the proper way, on merit, of people who at some time or other in their past may have worked for a government.

This government has used the services of people from all sorts of political backgrounds. We are pleased to have people such as David Wotton and Stephen Baker. They are all making very good contributions to this government. We have a number of people. We do not care what people's political backgrounds are. This state does not have such a surplus of talent that it can afford not to use people of that ability. I really think it is unfortunate that the opposition should descend to this sort of level. One just has to look at the composition of the Economic Development Board. If people have a role to play in this state we welcome their contribution whatever their political background might be or however they vote, and that is the way it will be. I think it is really unfortunate that the opposition should get into this sort of territory.

Mr HAMILTON-SMITH: As a general principle, will the minister give an assurance that he does not support the use of departmental resources for political fundraising lunches?

The Hon. P. HOLLOWAY: Absolutely, and if anyone is of that view I will make sure that is corrected. However, one of the things of which I became aware when I first came into this job was that some correspondence had been sent out with this department's logo on its letterhead through business enterprise centres and other groups. One of them involved a lunch at which several prominent Liberal shadow people were speaking. That was in the southern suburbs. These groups do have a certain amount of autonomy and, if they invite speakers of various political parties and use the standard letterhead from their organisation, there is not a lot that I can do about it, but I am aware that it has happened.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, the KPMG study. Minister, how much money did the government provide to KPMG before it conducted its recent competitiveness study titled 'Competitive Advantages

2004'; and will the government release any exchange of letters, contracts or agreements with KPMG in relation to the government contribution?

The Hon. P. HOLLOWAY: I will ask Mr Garrand what information we can provide.

Mr GARRAND: The study was sponsored by a number of governments both around Australia and internationally and a number of companies, including Colliers and others. In terms of the exact amount, we would have to get the details for you, but the South Australian government, along with most governments in Australia and many around the world, helped sponsor that study, as I said, along with a number of other companies. However, in terms of the exact amount, I would have to get that detail for you.

Mr HAMILTON-SMITH: I look forward to getting that information and thank the CEO for that advice. How much money has the government spent and how much will it spend in 2004-05 in publishing the results of the KPMG study?

The Hon. P. HOLLOWAY: As the honourable member said, on 17 February 2004, KPMG International released its 2004 competitive alternatives report, and that study found Adelaide to be the most competitive city in the Asia-Pacific from those cities surveyed. The Premier announced that he would be writing to 5 000 chief executives worldwide and would launch a major campaign to promote the report and Adelaide. To date, the government, through the Department of Trade and Economic Development, has spent approximately \$600 000 on promoting South Australia's success in the KPMG survey interstate and overseas. The campaign is currently being funded by DTED from savings achieved through the restructure of the department for business, manufacturing and trade.

The primary purpose of the campaign is to raise awareness levels in the key Sydney and Melbourne business markets by quickly capitalising on the KPMG survey. Following the release of the KPMG report in February, full page advertisements were placed in *The Australian*, *The Financial Review* and *The New Zealand Herald* newspapers. The full cost of these advertisements was \$89 718. From March to May, the government booked full page advertisements in major industry and business magazines, including *BRW*, *Company Director*, *The Bulletin*, *The Economist* and other respected publications. The full cost of this advertising was \$156 745. The cost of the international mail-out of letters and brochures to CEOs in March was approximately \$23 000, including the printing of brochures and letters. The mail-out included 2 000 letters to companies in Australia and New Zealand; 2 500 to overseas companies; and 500 to South Australian businesses.

The www.southaustralia.biz website was redesigned to incorporate the KPMG results at a cost of \$14 575. From April to June, billboards were secured at Sydney and Melbourne airports to promote the KPMG study and to raise the profile of South Australia. Two additional KPMG billboards at Adelaide Airport were installed in May. To date, the total cost of all billboard advertising is around \$297 000. In terms of the outcomes, so far there has been widespread media coverage in the Adelaide and Melbourne media—press, radio and TV. While it is impossible to precisely value this coverage, the estimated value based on the cost of advertising space is about \$80 000. To date, 10 responses have been received by DTED, three of which have been considered worthy of follow-up by the department.

Two additional billboard sites have been secured at Auckland airport for July and August at a cost of approxi-

mately \$35 000, and a billboard at Canberra airport has been booked for August at a cost of \$14 000. One of the Melbourne billboards, the walk-bridge site, has been booked for an additional three months at a cost of \$75 000. The KPMG billboard campaign will be rolled into a much larger promotional campaign (currently being developed by DTED) to attract more business investment migration into South Australia. This campaign is scheduled to commence in July and August 2004.

Mr HAMILTON-SMITH: Minister, have there been any replies, responses or leads leading to investments or inquiries about investments as a consequence of the program?

The Hon. P. HOLLOWAY: I indicated that there had been some, but I point out that the purpose of a program of this nature is to put Adelaide on the map. One does not expect that you will get instant responses with this. The idea is to raise the identity and profile. I know there have been a number of letters—they come through my office—from CEOs acknowledging the letter, but one would expect that the benefits from that will come over time. The idea is to put the idea of Adelaide in the mind of those chief executives. We are not really expecting that there will be an immediate onslaught of business as a result of this, but we expect that results will flow over time.

Mr HAMILTON-SMITH: I refer again to Budget Paper 4, Volume 1, highlights and objectives, pages 2.5 and 2.6. The offices of the Centre for Innovation, Business and Manufacturing in May this year were closed on South Terrace. Can the minister confirm whether in the past two years a significant sum of money was spent on renovating those South Terrace offices and, if so, can the minister advise how much money was spent on that renovation and refurbishment?

The Hon. P. HOLLOWAY: I suspect that we will have to take that question on notice. As the honourable member will be aware, I was not the minister at the time and most of the officers may not have been involved at that time. We will obtain that information for the honourable member.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.7, program net expenses summary. How much of the money earmarked by the state government to be spent on the Mitsubishi Science and Technology Centre has been spent and does the government intend to spend the remainder of the \$10 million on this centre?

The Hon. P. HOLLOWAY: My advice is that the commitment is still there to spend the money but I do not have the exact details of whether anything has been spent to date. I will take that on notice.

Mr HAMILTON-SMITH: In regard to Mitsubishi and your advice and involvement with Mitsubishi, is it the government's intention to use full-time staff within your department to provide advice and assistance on Mitsubishi or is it your intention to hire a consultant to do so? If your intention is to hire a consultant, who will that be, how much will they be paid and how many people will be involved?

The Hon. P. HOLLOWAY: I think that you are really talking about the new Office of Manufacturing which is to be established within the department. We have just appointed a new head of the department, that is, Mr Bob Goreing, who worked formerly for Business SA and was a former chief executive of the South Australian Chamber of Mines and Energy. He has just been appointed head of the Office of Manufacturing, so the expertise in the department will be ramped up as the new department fills that office.

In relation to Mitsubishi specifically, you would be aware that the Deputy Premier, as the Minister Assisting the Premier in Economic Development, has been handling this matter on behalf of the government. That has been an appropriate course of action because the Deputy Premier was involved in the original arrangements with Mitsubishi and he knows and has met on a number of occasions with the senior executives. He has done a very good job in relation to that, so that arrangement continues. I can provide some information in relation to Mitsubishi as to how the government will get advice on this.

The government established the high level Mitsubishi Advisory Group in April to provide advice to the government in the lead-up to crucial meetings with Mitsubishi Corporation and DaimlerChrysler. That advisory group is headed by the former president of General Motors in Japan, Mr Ray Grigg, and includes union and other industry representatives, including Mr Graham Spurling, former managing director of Mitsubishi Motors Australia. Since the announcement of the downsizing of Mitsubishi, four separate working groups have been established to address specific issues in association with the Lonsdale engine plant and industry development in the southern suburbs, and these four working groups report directly to the overarching Mitsubishi Advisory Group. That group comprises these four groups: the Lonsdale assets, labour and industry development, southern suburbs and Tonsley Park.

The commonwealth government is establishing its own task force to assess opportunities for the allocation of \$40 million of industry assistance for South Australia. Ray Grigg will be a member of the commonwealth task force, as will a representative of the South Australian government, and the South Australian government has nominated Malcolm Kinnaird to chair the commonwealth task force. This task force will meet in Adelaide on a regular basis.

The small, high level, Mitsubishi Advisory Group, which will oversee specialist working groups in key areas and report to stakeholders, comprises: chair, Ray Grigg, ex-president, General Motors Japan; Tom Phillips (and Charles Isles as his proxy) from Mitsubishi Motors Australia; Ray Garrand and Pam Martin from the Department of the Premier and Cabinet representing the South Australian government; Jeff Tate from the City of Onkaparinga as local representative; and Joe Camillo from the Australian Manufacturing Workers Union. Graham Spurling is an external member. If the honourable member wishes, I can provide the terms of reference of that committee. Rather than go through that now I will refer to the other groups.

The Lonsdale engine plant working group is to work closely with Mitsubishi in identifying potential investors or new industry opportunities for the Lonsdale engine plant and the marketing of assets to external parties. The members of that are: leader Paul Wirth, automotive industry adviser in the Department of Trade and Economic Development; Mike Morrissy from Mitsubishi Motors; Len Piro from DTED; Brian Hales from the City of Onkaparinga; and Graham Spurling.

The labour market adjustment working group is to assist in ensuring that the necessary support and assistance is provided to workers through state and commonwealth programs, to meet the needs of displaced workers and to identify a range of specialised needs within the displaced work force, and also to identify opportunities to place specialised skills. It is led by Greg Black, Chief Executive of the Department of Further Education, Employment and

Science, and includes Steve Barrett from Mitsubishi, who is general manager of human resources. It will include a rep from the Australian Manufacturing Workers Union and involve Martin Threadgold from the City of Onkaparinga, Steve Myatt from the Engineering Employers Association of South Australia and Pam Martin from the Department of the Premier and Cabinet. That group will maintain close links with the commonwealth Department of Employment and Workplace Relations and Centrelink.

The members of the southern suburbs industry development task group will be Andrew Atkinson from the Office of the Southern Suburbs, Tony Evans from the Australian Manufacturing Workers Union, Jeff Tate from the City of Onkaparinga, Mark Searle from the City of Marion, Manuel Ortigosa from DTED, and Andrew Beer from Flinders University, representing regional development.

The terms of reference of the Tonsley Park utilisation group are to pursue opportunities in relation to Tonsley Park, maximise capacity utilisation of the facility and ensure the long-term viability of the facility. That will be led by Grant Hanan from Mitsubishi Motors Australia Limited, and other members will be Leon Andrewartha from the Manufacturing Consultative Council, a rep from the AMWU, Len Piro from DTED, Mr Mark Searle, Chief Executive of the City of Marion, and Ray Grigg.

That is where the government will be getting its advice from and, as I indicated, the new Office of Manufacturing has been established within DTED and has a new director, and some key staff appointments have been made. Paul Wirth is one of them and I will ask Mr Garrand to add to that information.

Mr GARRAND: Our approach has been largely to try to use industry people as much as we can. We have been lucky to have Ray Grigg and Graham Spurling, Steve Myatt and others on board who have quite a bit of industry experience. In terms of government, as you would have seen from the task groups, there are a number of key people from DTED in terms of officers from within the department—Len Piro, Manuel and myself and other support staff like David Viola, who have staff in the department working on these issues. One of the areas in which we lack specific expertise is foundry issues, and in that regard we have taken on board an adviser, Paul Wirth, who has worked both at the Mitsubishi foundry and the GMH foundry and has done a fair bit of advising to the automotive industry both here and in Japan, China and elsewhere on foundry issues. We have engaged him to provide detailed advice on foundry issues, and he is working closely with our department and Mitsubishi in relation to that.

The approach is very much one of trying to use where we can whatever industry expertise is there rather than trying to use departmental staff to do the job. As much as we can, and as part of the new approach of the department, we try to work closely with industry associations and others in trying to pursue these objectives. We have engaged a new director who started this week for our Office of Manufacturing, which is gradually being resourced as we speak.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.7. How will the \$5 million for promoting jobs in the southern suburbs be spent, and how will it be administered? Do you envisage grants and subsidies or some form of industry attraction process? Which part of the department will administer that \$5 million worth of money to support the south?

The Hon. P. HOLLOWAY: The southern suburbs industry development task force will identify those priorities. The terms of reference are: to identify industry development opportunities in the southern suburbs and provide advice to the commonwealth and state government on the most effective targeting of any industry assistance; to identify and establish new business or industries in the southern region; to provide advice to government on how best to secure new investment opportunities, including the best allocation for available assistance packages; and to develop a plan for the diversification of the regional economy. We will be looking through that working group and through the broader committee at those issues.

Mr GARRAND: There is also the commonwealth task force, which is administering the allocation of the \$40 million industry assistance provided, and we would be working closely with that task force in terms of identifying opportunities and allocating the funds. The idea of those working groups is to get them down to small groups that can deal with specific issues, and the southern suburbs group will be identifying industry opportunities in the south but working closely with each of the other groups, especially the one dealing with the Lonsdale assets. We are currently talking to a range of companies in relation to opportunities there, and the various advisory groups set up will provide advice to ministers on the allocation of that funding.

Mr HAMILTON-SMITH: Under the same budget reference, but dealing with the cash alignment policy, if the department manages its budget efficiently and makes savings within the overall approved budget allocation, is the department entitled to keep these savings and reallocate them to other priorities or does the new cash alignment policy mean that most of the savings are to be returned immediately to Treasury?

The Hon. P. HOLLOWAY: The new cash alignment policy goes right across government, and I understand that the Treasurer answered questions on that yesterday. Ms Allison can explain the details in relation to that policy.

Ms ALLISON: The cash alignment policy is not actually related to savings in the next financial year but to funds held by agencies that have built up over the past four to five years from either underspends or savings that have accumulated in agencies' bank accounts. ERBCC on 8 October approved a policy to align agencies' cash balances with approval on expenditure limits for the following financial years. Treasury and Finance each six months will be reviewing agencies' cash balances to ensure that the working capital agencies hold in their bank accounts is all that is required for the following six months budget. The cash alignment policy does not represent savings as such, which are generally subject to cabinet approval as to where they are reallocated. An agency generally does not have the ability to reallocate savings within its own portfolio, but rather it is a cabinet decision.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.3, staff numbers. Given that the minister has indicated previously that the total staff numbers in the Department of Trade and Economic Development will be reduced to 120, why is it estimated that on 30 June 2005 the total staff number will be 144.8? I am interested in whether or not your department is still paying salaries for officers who have been transferred or redeployed to other departments and agencies and, if so, how many and at what cost?

The Hon. P. HOLLOWAY: The figure of 120 was exclusive of the Office of Local Government, so the 144.8 represents 24.8 from the Office of Local Government.

Mr HAMILTON-SMITH: Who gets to be 0.8?

The Hon. P. HOLLOWAY: I guess somebody works four days a week, or probably lots of people work part-time, which adds up to that figure. In relation to surplus staff, I will ask Mr Garrand or Ms Allison whether they have any information, because that is a different question. There are not many left, and the department's numbers have come down to those levels. We are in the process of appointing some new positions when we have been able to get suitable applicants. I will ask them to give the specific information on surplus staff.

Mr GARRAND: As the minister said, the number of staff in the Department of Trade and Economic Development is down to 120. About 77 of those positions have been filled, and various recruitment processes are still under way. Currently, about 39 positions are still to be filled, and that is happening as we speak. Interviews are happening today and over the next few weeks. About four positions are currently on hold. So, at this stage about 77 positions are being filled permanently.

Mr HAMILTON-SMITH: I refer to page 2.7, program net expenditure summary. Will the minister provide details of all expenditure on overseas trips by him and his predecessor, minister McEwen, in 2003-04, including details of other persons travelling with the ministers and whether the costs were met from departmental funds or ministerial office funds? I understand that you will need to take that question on notice.

The Hon. P. HOLLOWAY: Yes; I will take that on notice. Was it just travel for ministers, or other staff as well?

Mr HAMILTON-SMITH: Ministers and any staff accompanying the ministers.

The Hon. P. HOLLOWAY: I understand.

Mr HAMILTON-SMITH: I refer to page 2.7. In relation to SAMAG, will you outline which budget line contains the government's provision of \$25 million for the possibility of the development of the SAMAG plant at Port Pirie?

The Hon. P. HOLLOWAY: It is in the Treasury contingency fund.

Mr HAMILTON-SMITH: It is in the Treasury contingency fund, so it is not in your papers?

The Hon. P. HOLLOWAY: No; that is not in my file.

Mr HAMILTON-SMITH: In relation to probity, if, for example, Admiral Scarce or Mr Roger Sexton were to declare a possible conflict of interest within any department or government division, which minister would be required to manage that issue, given that those two executives work in different areas?

The Hon. P. HOLLOWAY: As the budget papers quite clearly point out, venture capital comes under the Deputy Premier's portfolio. I think that is clear from the budget papers. Who was the other gentleman?

Mr HAMILTON-SMITH: Admiral Scarce from defence.

The Hon. P. HOLLOWAY: That would probably be under the Premier's portfolio as Minister for Economic Development.

Mr HAMILTON-SMITH: Referring to SAMAG, will the minister release a copy of the consultant's report undertaken by Clark and Marron Pty Ltd into the SAMAG development? Will he advise the cost of this consultancy?

The Hon. P. HOLLOWAY: The Clark and Marron report, stating that the net present value of the project in South Australia over a 20-year period would be lower than Queensland by \$11 million, without taking the government's \$25 million infrastructure into account, was the consequence

of that. There may be some confidential material in the report, but I do not think we have any objection to releasing it, subject to that confidential information being considered. Perhaps the honourable member can get a briefing on that part of it.

Mr HAMILTON-SMITH: I missed the cost of the consultancy.

The Hon. P. HOLLOWAY: We will obtain that for you, but I am not sure whether a bill has yet been sent.

Mr HAMILTON-SMITH: The bill is in the mail, so to speak. In relation to appointments within the department, will you provide the names, titles and remuneration packages for all executive level positions within the department?

The Hon. P. HOLLOWAY: Yes; we can do that.

Mr HAMILTON-SMITH: Do you want to take that question on notice?

The Hon. P. HOLLOWAY: We can deal with that now. We will go through them in alphabetical order: Angela Allison, Director of Corporate Services, total employment contract value \$125 000; Murray Arthur-Worsop, Analysis and Policy, total employment contract value \$104 778; Jessie Byrne, Director, Office of Trade, total employment contract value \$104 778; Mr Raymond Garrand, Chief Executive, total employment contract value \$230 374; C. Joy, Director, Office of Small Business, total employment contract value \$104 778; M. O'Neill, Director, Economic Analysis and Policy, total employment contract value \$153 148; M. Ortigosa, Director, Strategic Projects, \$163 000; L. Piro, Director, Business Development Services, total employment contract value \$139 398; K. Scarce, Chief Executive, Defence Unit, total employment contract value \$290 000; Phil Tyler, Director, Office of Regional Affairs, total employment contract value \$139 398; and B. Goreing, Director, Office of Manufacturing, total employment contract value \$104 778.

Mr HAMILTON-SMITH: Getting back to SAMAG, I refer to Budget Paper 4, Volume 1, page 2.19, Program 6: Major Projects. How much public funding was expended to work with Magnesium International on the SAMAG project, and can any of this money be clawed back? I know that you dealt with some of these issues earlier, but is there an opportunity to—

The Hon. P. HOLLOWAY: I would be surprised given that, as I understand it, no money was actually paid to the consortium. I am sure there would have been some work done by a number of departments. Not only this one but, obviously, my former department, the Department of Primary Industries, would have also been involved in work. I am not sure that it is the sort of thing that one would normally recover. If there is anything different to that I will let you know, but we are certainly not aware of any payment or service that would be recoverable.

Mr HAMILTON-SMITH: I refer to the same budget paper, page 2.18, Program 6. I am seeking advice on the reason for the increase in revenue for ordinary activities from, I think it was, \$0.9 million in 2003-04 to \$21.6 million in 2004-05.

The Hon. P. HOLLOWAY: There is some quite tricky accounting that goes on here, and by that I mean tricky to understand. I had better qualify that and say 'difficult to understand'! I will ask Ms Allison to explain, but it is to do with the figures that all appear to be as a result of the accounting treatment of Edinburgh Parks, which appears in a number of places in the accounts.

Ms ALLISON: Canberra has approved the transfer of Edinburgh Parks to the Land Management Corporation from

1 July 2004. Under normal accounting transactions for the sale of assets you would offset the gross proceeds from sale with the written down value of the asset. Under a government transfer between two agencies within the government's books, in order to facilitate the consolidation of those transactions Treasury and Finance has requested that we not 'net off' those transactions into one profit or loss on sale, but rather record those amounts as gross figures. So, the large increase in the 2004-05 budget for other revenue relates to the intra government revenue transfer of \$19.4 million from LMC relating to that transfer. There is a corresponding increase in expenditure under 'Other' within that same program for \$24 million which is the recognition of the asset being sold and being brought to account to the statement of financial performance. The net of those two would normally be reflected under standard accounting treatment as a 'net off' within the statement of financial position under profit or loss on sale.

Mr HAMILTON-SMITH: Since you have mentioned Edinburgh Parks, page 2.31 of the budget paper (which, I think, mentions Edinburgh Parks) raises the question about what plans the government has in regard to Edinburgh Parks, and how much is to be invested by the taxpayer over four years and how that will be spent over that period.

The Hon. P. HOLLOWAY: We are certainly pleased to talk about Edinburgh Parks. A number of automotive suppliers such as Air International and Dana are already located within Edinburgh Parks, which is located within the city of Salisbury. Plexicor is currently undertaking site works in preparation for construction of its new building, and approximately another 10 firms are in negotiation with the Land Management Corporation, with contracts being at various stages of completion. These firms will be tier 1 suppliers to Holden's for the 2006 VE model Commodore. I think that probably answers most of the questions, and as it has now been transferred to the Land Management Corporation further questions might well be directed to the Minister for Infrastructure.

Mr HAMILTON-SMITH: As a supplementary question, does the \$22.9 million mentioned there provide only for the matter of the 630 hectares site, or does that amount include money for the development of infrastructure on the site?

Mr GARRAND: My understanding is that it reached stage zero, which is for the initial site and which is the automotive precinct.

The Hon. P. HOLLOWAY: We will check that out and if there is anything different we will correct it.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1 at page 2.16. How much was spent facilitating development of targeted industrial land at Osborne, which I think was naval defence, and at Wingfield, for foundries, and what has been the return on this investment?

The Hon. P. HOLLOWAY: I will have to take that on notice, but we do have some information in relation to the Osborne maritime precinct project. The state government is proposing to develop the ASC site and land adjacent to the ASC, which is currently owned by the Department for Environment and Heritage, into Australia's primary naval shipbuilding precinct. South Australia is focusing on attracting the Navy's air warfare destroyer and amphibious ship program for the state. These programs are worth up to \$6 billion and \$2 billion respectively. Intensive infrastructure development is being considered to underpin major new investment in a state-of-the-art shipbuilding facility at Osborne. The tenders for the AWD construction contract will

be issued later this year, with the preferred tenderer to be identified early in 2005.

The preferred tenderer of the amphibious vessels will be identified later in 2005. A number of feasibility and initial design studies have been undertaken, and a cross-departmental working group has been set up to oversee the next phases of this project. There have been extensive discussions with Admiral Scarce here and overseas with possible investors in relation to that. The specific question you have is in relation to expenditure on-site, so we will take that on notice.

Mr HAMILTON-SMITH: Page 2.6, 'Targets' relates to the airport redevelopment. I note that the Premier has taken the lead on negotiating this and picking up the work of the former government, but my question is about the levy to be charged. I understand that it is a \$5 levy. Is your department involved in that whole process? I am interested in whether the government foresees a sunset time or a sunset event to terminate the levy or whether will be an open-ended levy. Is there a specific amount that needs to be repaid at which point the levy will cease? When will the levy begin?

The Hon. P. HOLLOWAY: The honourable member would be aware that he asked the Premier this question the other day, and the Premier undertook to take it on notice. As the honourable member said, the Premier has taken the lead in this, so if he does not know the answer offhand, I am even less likely to. We will get the answer to you as soon as we can.

Mr HAMILTON-SMITH: There were a couple of other questions which I asked the Premier that I would value your advice on as well.

The Hon. P. HOLLOWAY: You can try.

Mr HAMILTON-SMITH: You might have a clearer enunciation. I might get an answer out of you. I refer to page 2.30, 'Business and skilled migration program.' How many business and skilled migrants have been attracted to South Australia through this program from March 2002 until the date of transfer to the Department of Premier and Cabinet?

The Hon. P. HOLLOWAY: I think we would probably have to take that on notice, as I doubt that we would have that figure. As the program has been transferred, one suspects the knowledge of that program might well have gone with it, but we will endeavour to track it down.

Mr HAMILTON-SMITH: Thank you minister; I will take that on notice. I refer to page 2.7 of the same budget paper; how much is the government going to spend on the Northern Adelaide Economic Development Alliance announced in *The Advertiser* on 10 June? How will that Northern Adelaide Economic Development Alliance function, and what will it be doing? What will the new alliance do that could not have been done using pre-existing and now restructured or abolished programs?

The Hon. P. HOLLOWAY: The honourable member is referring to the Northern Adelaide Economic Development Alliance, a subgroup of the Northern Partnership which was established in August 2002 and which encompasses the City of Salisbury, the City of Playford, the town of Gawler and the Office of the North. The alliance was officially launched on Wednesday 9 June 2004. The functions of the alliance are: to oversee the development of a clear strategic direction; to identify priorities; to drive the implementation of key initiatives across the region; to focus on key themes such as education, employment, infrastructure and key projects such as Edinburgh Parks; to ensure that the key stakeholders are

engaged in the development and implementation of the economic development agenda; and to ensure that appropriate linkages between the Northern Partnership and various service delivery agencies are developed and maintained.

The alliance will create a focus for service delivery for small business and major industry ensuring that service delivery agencies provide a coordinated approach to the development of industry in the north. Until recently the state government contributed to a range of industry support activities in the northern region. These included: the Northern Adelaide Development Board—for which the honourable member would be aware that funding ceased some 12 months ago—the Northern Adelaide Business Enterprise Centre, the Salisbury Business and Export Centre and the Virginia Horticulture Centre. The Northern Partnership commissioned a working group comprising the Office of the North, the then department for business manufacturing and trade, the Department of Employment, Training and Further Education and the three councils concerned to propose new arrangements to coordinate economic development in Northern Adelaide.

The working party developed a position paper entitled 'Framework for Economic Development in the North'. The paper was put forward as a proposal of the Northern Partnership chief executives group at their meeting on 23 September 2003. It was endorsed and recommended to the then Minister for industry, trade and regional development. The alliance will consist of regional business leaders, the Department of Trade and Economic Development (formerly BMT), DFEEST and the three councils. It will provide a mechanism for the alignment of programs and the coordination of activities to achieve better outcomes. The contribution from this department will be an officer who will be appointed as Executive Officer of the Northern Adelaide Economic Development Alliance. The role will ensure the delivery in the region of the state government's economic agenda as contained in the State Strategic Plan to assist in developing and maintaining relationships between all alliance partners and key stakeholders, to project manage key initiatives that flow from the alliance that drive the strategic agenda and broker solutions where required.

It will ensure that a number of flagship projects are undertaken in the financial year 2004-05 to enhance the credibility of the alliance and it will coordinate the economic development initiatives across the region. The alliance represents a unique opportunity to improve integration of the economic development activities of state and local governments. The challenge for the alliance will be to move beyond structures into coordinated delivery and cooperative initiatives on the ground in order to deliver the state government's economic directions in the region. The alliance strategy group will have representations from a wide range of industry sectors. There will also be representatives from SMEs to the larger manufacturers in the region. So, specifically, the contribution from the department will be an officer from the department.

Mr HAMILTON-SMITH: I have a supplementary question. Given what the Labor government has done with the Office of the North in Port Augusta, putting Mr Justin Jarvis, the failed Labor candidate for Stuart, into a government paid position to run such an office, can the minister give me some comfort that this new northern Adelaide alliance is not some sort of a Trojan horse that will result in another Labor candidate being secreted into a marginal seat, as has

occurred in the case of Mr Justin Jarvis, to administer and dish out the government's cheques—

The Hon. P. HOLLOWAY: I think that, as far as this state is concerned, we do not have any marginal seats in the north. I think they are all comfortably held by the government, unless the honourable member can think of one. Perhaps Light—but I guess that will be a safe seat after the next election.

Mr HAMILTON-SMITH: Can I take that as an assurance that Labor candidates will not be given full-time positions in that alliance?

The Hon. P. HOLLOWAY: I imagine that whomever we appoint will be the person best qualified for the job. We always appoint people to these positions on merit.

Mr HAMILTON-SMITH: I will now move to program 2. Page 2.11 reveals some startling deteriorations in the level of services being provided by the department to the community. In particular, there is the amazing revelation that from 2002-03 to 2003-04 there has been nearly a 27 per cent drop in the number of people completing business training programs. There has been a 37 per cent drop in the number of industry improvement projects delivered and a 58 per cent drop in the number of import replacements and local projects that have been affected. Given that the government has closed CIBM and downgraded a lot of the department's activities and that there has been constant chaos and restructuring, what has been the impact of these deteriorating service delivery performance indicators out there in the economy?

The Hon. P. HOLLOWAY: The honourable member needs to understand that there has been a transfer of some of those functions, for example, from CIBM to other departments. The food program is a case in point. As I indicated earlier, the government in this budget has increased its resources to the food program. I think that an extra \$2.75 million over the budget cycle has been added to the food program. So, where those services were previously being provided through CIBM and appearing as services on page 2.11, they now will be provided through PIRSA. One could go on about the services that were previously provided by the former CIBM, because a number of them have been transferred.

Apart from the food team to PIRSA, the eBusiness program has gone to DFEEST, the Investor Ready program has gone to the office of venture capital, or ceased. The new Business Development Services Unit, which will replace CIBM, will continue to deliver initiatives and programs to facilitate the uptake of new technology skills and management practices. Programs also will be more focused and integrated with external service providers including universities, consultants, industry associations, business enterprise centres, regional development boards and so forth.

As I indicated earlier in the summary, this department is moving away from being a service provider and more to being a policy department. But, obviously, it will be providing funds to those units such as BECs, RDBs and others, which will be the essential service providers.

Mr HAMILTON-SMITH: I take that point, but when one checks for the KPIs in the places to which the minister has referred, where the service delivery device is supposed to have been shifted, one finds that they are not there either. The reality, and what people are telling us, is that the level of service they have received has either diminished or vanished. On the previous page (2.10) there is another indication. The amount of funding support to business and manufacturing capabilities was \$24.6 million in 2002-03. It is down to

\$9.6 million in 2004-05, and when one goes through the categories one sees a 48 per cent decrease in PIRSA, a 33 per cent decrease in supplies and services and an 86 per cent decrease in grants and subsidies. Of course, those grants and subsidies are important. Have all those services been transferred and, if so, are they reflected in the KPIs, or is what we are being told by industry true, that is, that support from the department has vanished?

The Hon. P. HOLLOWAY: If you look at those figures you can see in relation to accommodation and service costs, for example, that that has now been removed from the equation. In relation to grants and subsidies, that is what this government is about. We have moved away from providing direct subsidies to industry. But, as I indicated earlier in my summary of the overall budget position, this budget has been reduced because we have closed the industry investment attraction fund and other sources that used to provide large handouts to individual companies. For example, I think premier Olsen gave \$25 million to Galaxy, which I understand completely evaporated the whole \$25 million. So, those things have vanished: they will not be part of the scene.

What has happened is that a number of programs have been transferred, and I outlined them earlier. Although the budget of this department was \$29 million down (I think the figure was), there had been \$18 million of transfers. In addition, a whole lot of new money had gone into programs such as the food program and the Premier's Science and Research Council, which is additional funding for research and development, which is a key area of economic growth; and the accelerated mineral exploration program, which was \$14 million over five years. There were also the cuts, which will assist all industry, such as the reduction in payroll tax. There has been significant multi million dollar assistance to industry generally, which will reduce the cost to industry.

There also have been significant increases in infrastructure spending. The priority of this government is to provide assistance to industry in that non-discriminatory way. We are moving away from direct handouts to individual companies to ensuring that we support those companies which have the capacity to grow and which do not need handouts but, certainly, if they are in regional areas of the state they may need infrastructure provision. That is where the priority of this government will go. Those companies will stay here because they have an economic reason to stay here.

Mr HAMILTON-SMITH: It is about coordination and service provision though, is it not, because as you move to page 2.15, exports and trade (and I know the minister mentioned that earlier), one notices that support and advice and overseas market intelligence provided to South Australian exporters has decreased by 64 per cent from 360 support cases to 130 in 2003-04? It raises questions about why business matching assistance for South Australian companies with overseas companies also fell short to a target of 31.5 per cent from 400 to 275. What we are getting is fewer services delivered to help small businesses and other businesses export and connect up with opportunities overseas. It seems to us that that is a tangible result of your investment.

The Hon. P. HOLLOWAY: Let us compare actual with actual. For example, if the honourable member looks at the number of business matching appointments facilitated, the 2002-03 actual was 178. The estimated result for this year is 274, which is a significant increase, anyway. The honourable member is only comparing what was a target for 2003-04 with the estimated result.

Mr HAMILTON-SMITH: You achieved less than half the target set.

The Hon. P. HOLLOWAY: The thing is it is still a significant increase on what was achieved in 2003-04. I do not think you should get too hung up on these particular performance indicators. As is indicated in the budget papers, they all need to be aligned with the State Strategic Plan. There has been a significant change in the way in which services are being delivered. The agencies have changed significantly, and that will affect the form of those deliveries. That is why those statistics do not have a great deal of meaning and obviously that is why we are developing our new targets to correspond with the State Strategic Plan. Again I come back to the point, if the honourable member looks at the overall budget, if he turns away from the specific lines of programs within the DTED budget and looks at what this government is providing overall in terms of economic development, it gives a quite different picture than if he just looks at individual programs.

Mr HAMILTON-SMITH: I take that point, except that every one of these KPIs is a small business, a proprietor or some sort of South Australian company trying to make it in the field of exports.

Additional Departmental Adviser:

Mr A. Joy, Director, Strategic Projects, Department of Trade and Economic Development.

The Hon. P. HOLLOWAY: Before we start this session, I would like to make a couple of comments in relation to answers in the previous session about the KPMG report. We omitted to say that one of the main sponsors of that KPMG report was Invest Australia.

Mr GARRAND: I am trying to find out the exact figures as to what our sponsorship was, but Invest Australia, through the commonwealth government, was the major Australian sponsor for that.

The Hon. P. HOLLOWAY: The other matter was a question asked by Mr Hamilton-Smith about notices being sent out. I have a copy of a notice that was sent out for a Women in Business (WIB) dinner at Parliament House. It bears the letterhead of the Business Enterprise Centre and the Department of Business, Manufacturing and Trade. It was for Tuesday, 23 March 2004. Guest speakers were Dr Duncan McFetridge, MP for Morphett, and Mrs Joan Hall, MP for Morialta. It stated that Dr McFetridge would be speaking about local issues. What interests me is that it charged for the Parliament House dinner. ISBEC members \$32 each, non-members \$40 each, limited seats \$30 only. Each business enterprise centre is given money by the state government, about \$90 000 I think, and that would be the case at Salisbury and the one to which I have referred from the southern suburbs. They send out information and that one that was sent out to advertise a function with Duncan McFetridge and Joan Hall for earlier this year. I do not know who got the money for this one, but it is interesting that a charge was made for a Parliament House dinner.

Mr Hamilton-Smith interjecting:

The Hon. P. HOLLOWAY: On the contrary, from what I can see, it was absolutely clear. At least people who paid knew where the money was going, but where the money for Parliament House was going I do not know. The point is that this had a letterhead with the BEC and the Department of Business, Manufacturing and Trade. We support those organisations but BECs get funds from other sources such as

local government. Whereas I think it is undesirable that anything that has government funding should be used to advertise any political activity, nevertheless it obviously happens but it happens in both directions.

The CHAIR: According to the revised timetable, I understand that we are now moving to small business. Does that require any change of advisers?

The Hon. P. HOLLOWAY: The only additional adviser is Mr Allan Joy, Director of the Office of Small Business.

The CHAIR: Does the minister or the lead speaker for the opposition wish to make an opening statement?

Mr HAMILTON-SMITH: We were to deal with small business from 4 to 5.15 p.m. but I note that we are starting 15 minutes late.

The Hon. P. HOLLOWAY: I will forgo my opening statement to help make up the time.

Mr HAMILTON-SMITH: I will make a brief opening statement. The opposition has some concerns about the government's policy in regard to small business. We again note the government's hands-off approach, reflected in the restructuring of the department, the closure of CIBM and the hope that all will be well. Given current economic circumstances, for a time all probably will be well because interest rates are at record lows, the housing boom has created a lot of small business opportunities in the construction sector, and there has been a bit of credit-fuelled retail activity, which has been good for small business. These are a reflection of broader national economic paradigms.

However, we are concerned that, if interest rates rise, the property boom will end, as seems to be occurring, and the fundamental underlying strengths in the small business sector may not have been enhanced and built upon in the 2½ years since this government came to office. We noted with concern the ABS advice that the number of small business operators in South Australia had reduced by 13 per cent, by far the greatest fall of any state, with states like Victoria recording a rise. We note a growing propensity for red tape and regulation that is grinding small business down. We note concern about taxation increases. We note the horrific threat of the government's planned industrial relations reform, which threatens to be an absolute knock-out blow to many small businesses in terms of complexity and compliance. We feel that there are a range of challenges that need to be addressed and are not being addressed. We see no tangible alternative being put forward by the government to the structures that it is decommissioning such as CIBM and the removal of the services noted earlier today that were formerly being provided by the department.

With that, I will move on to questions. It concerns Budget Paper 4, Volume 1, page 2.5, taxation. I ask the minister for his interpretation, as the Minister for Small Business, on how the present taxation regime is working for small businesses that operate from home. Does the minister agree that land tax, the emergency services levy and the River Murray levy should be either exempted or reduced in some way for small businesses like bed and breakfasts, but other small businesses as well, where the proprietor lives on the premises as their primary place of residence but also runs a small business that might generate less than \$50 000 per annum?

The Hon. P. HOLLOWAY: There are some issues in relation to bed and breakfast businesses. I know that my colleague the Minister for Tourism has raised that matter with the Treasurer, and I think some work has been done on that. It is not a particularly easy area to fix in terms of administration of tax, but at the end of the day the government has a

certain amount of revenue, if it is to get the upgraded credit rating, which I think everyone in this room would want and this state badly needs, and we obviously have to ensure that we run accrual surpluses and provide not only the services for the state but also that we have that positive surplus, particularly at a time when, as the honourable member says, the economy is going well. If we cannot run a surplus now, what would the case be if the economy was in a downturn? It is important that we have a healthy surplus.

I think we may be the only state running an accrual surplus at present and it is important we do that, but it limits what taxation relief we can give. The relief provided in the budget was targeted. We were able to remove a few of those annoying little taxes that apply to small businesses, such as taxes on leases and mortgages and payroll tax. Although that is money for larger businesses, it is imperative that our businesses be competitive with those in other states, and we cannot let our payroll tax rates get too out of kilter with other states such as Victoria, which has been reducing its payroll tax. The honourable member raises an issue that affects a small sector of small business, and the government obviously will look at that. The matter was raised at the last meeting of the Small Business Development Council, and I have agreed to look at that further as well.

The Small Business Development Council has established three subcommittees: the education, training and information subcommittee; the building market confidence in South Australia's small business capability subcommittee; and, the business taxation and legislation subcommittee, which is a useful source of advice in relation to these matters and one at which we are looking.

Mr HAMILTON-SMITH: I seek the minister's advice on how his government's tax system works at the moment. With a small business, not just a B&B but any small business operating from home—maybe a computer software business perhaps selling products from one or two rooms, a consultancy service or a draftsman set up in a few rooms and trading as a small business—how does the government's land tax, emergency services levy, River Murray levy and so on work at present with regard to whether that person is charged land tax in their own name, in the name of their small business or, if it is not a proprietary limited company, a sole trader situation? Who is charged the tax? Is it the proprietor?

The Hon. P. HOLLOWAY: Those tax issues come under the Treasurer, who has responsibility for it, so it would be unwise for me to give an opinion that is really in another minister's department. In relation to small business, we take up the matters through our committee, but they are complex issues. I will see what information I can obtain, but it will have to be through the Treasurer's office, and in particular through Revenue SA.

Mr HAMILTON-SMITH: I take the minister's point that it is predominantly the responsibility of the Treasurer, but as the minister responsible for small business—I have been in cabinet and know how the system works—you put up your propositions and make your cabinet submissions.

The Hon. P. HOLLOWAY: You mentioned the emergency services levy and land tax: they have not been altered. Since this government has been in I think we have lifted the threshold for land tax. Essentially those systems have not changed since this government took office. We certainly have not increased rates in relation to them. I will check the rates, but the emergency services levy was introduced by the former government.

Mr O'Brien interjecting:

The Hon. P. HOLLOWAY: That is right: land tax is not payable on the principal place of residence, but there is the problem of allocation when you have a bed and breakfast. I do not claim any expertise at all in that regard, but it needs to be worked out as a technical issue in state taxation. It is also a matter of whether they have the information necessary to be able to assess these areas. There is an issue there as it came up at the recent meeting of the Small Business Development Council, and we will continue to raise that matter.

Mr HAMILTON-SMITH: Under the same budget reference, through the Small Business Council, or through separate representation to you as minister, have you developed a view on whether the present threshold for land tax for these home-based businesses to which I refer should be lifted? Have you developed a view as the Minister for Small Business and argued in cabinet that the threshold be lifted and what it should be? What advice have you received from the small business sector as to what the threshold should be so that we can take the argument forward?

The Hon. P. HOLLOWAY: It is not up to the Minister for Small Business to lead on those issues. If there are measures the Treasurer brings forward in relation to small business, under our processes we have the small business impact statements, which was one of the important initiatives introduced by this government so that we are aware of changes, but here you are talking of a system that has not changed. However, there has been a rapid increase in property values, which is what has changed and not the tax rates. These matters need to be raised with the Treasurer.

I know that the Treasurer is well aware of this and other issues. When they are brought to our attention through the Small Business Development Council we are certainly prepared to take them up with the Treasurer, as he has principal responsibility for that operation. After all, through Revenue SA he understands the intimate details of how these operate. Because of the recent increase in property values, many issues have arisen in relation to land tax that were not there before, simply because the amounts have increased and people have taken notice. I know that some anomalies have been uncovered which have been around for years but which were simply hidden.

Mr HAMILTON-SMITH: That is why I want to pursue this issue a little further. Correct me if I am wrong, but my understanding is that small business looks to the Minister for Small Business to champion its concerns in cabinet. Small business has a concern (and it has indicated this to the opposition and to the government) about the property boom and that taxation laws need to be reviewed in the light of those changing circumstances. It also has a problem about the issue of equity between one small business and another. For example, does the government intend to pursue civil prosecution against small business proprietors who may be operating a business from home but who have not declared that business to the state Tax Office for the purposes of land tax, emergency service levies and so on? I am not suggesting for one moment that you do so now, minister.

The point I am making is that your government is pursuing bed and breakfast operators because, quite often, they are openly registered, they advertise openly and they are easy to locate. They are out in the open. Yet right alongside the bed and breakfast operator may well be another home and another couple operating a different business, such as a computer business or a consultancy. Both couples may be making the same very small amount of money, but your government is pursuing the bed and breakfast operator. Does your govern-

ment intend to apply equity and pursue the other small business proprietor? What devices does the government have to record those businesses and ensure that one small business is not unfairly savaged by the Tax Office over another?

The Hon. P. HOLLOWAY: The agencies of government interpret the law as it is given by parliament. As I said, I do not think there has been any change to the law in those areas. The River Murray levy may have been a new levy in the last couple of years but, certainly in relation to the other two, I do not think there have been any changes. The government expects its agencies to interpret the law without fear or favour. We all know that the reality is that there will always be some people who will seek to avoid tax and others who will pay it. It is always necessary for governments, from time to time, to look at its laws and their enforcement.

I reject the suggestion implicit in the honourable member's question, namely, that there has been any change in behaviour by the government. In fact, the only change is rising property values. For most people, it is a good thing if their property is worth more now than it was before. In terms of equity, one could argue that someone who does not own property and who is renting is seriously disadvantaged by rising property values.

Mr HAMILTON-SMITH: It is also the responsibility of government to respond to changing economic stimuli and to ensure that it takes steps to present the right legislative arrangements and environment to business.

The Hon. P. HOLLOWAY: Indeed.

Mr HAMILTON-SMITH: Property prices have gone up, and small businesses that were previously paying quite a modicum of tax are now paying thousands of dollars more than they were. Sure, the value of their house has gone up, and they are running a small business from it and they cannot afford the cash flow. They are looking for government to respond not only in terms of the quantum of tax paid but also in terms of equity. Small business A is being penalised, but small business B is not being pursued. In his opening remarks the minister made the point that that is the responsibility of parliament, but I took him up on that. I do not think that is right: it is actually the responsibility of government. If the law you are working with (and you do not want to change it) provides that all small businesses should be pursued for that tax, then should you not be pursuing them?

The Hon. P. HOLLOWAY: It is not just a matter of small business. Land tax is land tax; people who are eligible pay, and those who are not do not. As I said, there has been no change in that area. There are changing circumstances, and governments review them from time to time. The Treasurer is well aware of these issues, and I know that he has addressed a number of apparent anomalies that rising property prices have uncovered. There are limits to what governments can do in terms of relief. Sure, government has received increased revenue, but it has also had a great number of demands for expenditure from people—including the opposition.

Every day in these estimates committees we are criticised for not spending enough money in all sorts of areas of government. Obviously, every government would like to spend more and give tax relief in all sorts of areas but, at the end of the day, we have to balance our books. Government is all about determining priorities and, where there are anomalies we can address, we will do so. Again, I repeat: we are aware that there are some issues (and I suggest not a large number) in relation to some sectors of business that need

further investigation. I concede that, but I will not go beyond that and say that it is a particularly large problem.

Mr HAMILTON-SMITH: As Minister for Small Business, do you favour a crackdown and a tightening up to capture all small businesses operating from a private home in respect of land tax and other taxes? Would you say that?

The Hon. P. HOLLOWAY: As I said, that is really not proper for me to judge. The Attorney-General is responsible for pursuit of those matters. As Minister for Small Business, I expect the law to be interpreted without fear or favour. If the honourable member suggests that the law is wrong, we need to look at changing it. It is not for me to give an opinion on how the law should be interpreted: that is for the officials.

Mr HAMILTON-SMITH: It is up to you as Minister for Small Business to champion the causes and concerns of small business—and this is a major concern. I am sure that it has come to you through your department by direct means. It seems to me that the government is in a position where cabinet may need to make a recommendation to caucus and then take action to introduce legislation to go one way or the other. Either you go to those businesses that are being captured, such as bed-and-breakfasts, and ease the burden and apply that equitably to everyone, or you go the other way and ruthlessly go out and pursue all small businesses that are out there trading from home. One way or the other, it has got to be an equal system. I do not want to belabour the point, and the minister has made his point, but I think that—

The Hon. P. HOLLOWAY: That is right. As I have indicated, it is a complex issue that requires some further investigation.

Mr HAMILTON-SMITH: Some further work by government. I will move on to industrial relations, at pages 2.5 and 2.6.

The Hon. P. HOLLOWAY: That is important.

Mr HAMILTON-SMITH: Well, it is pretty important to small business. Again, if we are going to have a Minister for Small Business and a department or Office of Small Business then let us get out there and champion the cause of small business. I ask whether the minister has, through his department, conducted an impact assessment or prepared an impact statement in regard to the effect of the industrial relations Fair Work Bill upon small family-owned businesses and their competitiveness, and I ask what arguments you may have put up in cabinet in defence of small business in regard to this matter.

The Hon. P. HOLLOWAY: In regard to the latter, I am sure you are not suggesting that I comment on cabinet discussions. In any case, I was not the Minister for Small Business at the time that the Fair Work Bill was drafted and released late last year. My information is that submissions were initially due on 19 February 2004, but following requests from groups including Business SA that period for comment was extended to 4 March 2004, which still predated my time in this portfolio.

I know that the bill was presented to the Economic Development Board in December 2003, and the fact that the bill was out there for public consultation provided the opportunity, I think, for every group within the community to give their comments on it. I have also been advised that the Small Business Development Council has been consulted on the draft bill and has responded directly to the Minister for Industrial Relations on that issue. That would have happened before I took up the portfolio. So, that input has been there and the situation is that the bill was put out for discussion and it is yet to return from that discussion. It would really be more

appropriate to direct any further discussion in relation to those issues to the Minister for Industrial Relations, because he has control of it.

Mr HAMILTON-SMITH: I take that point, but on this occasion I am exploring the role of the Minister for Small Business and his responsibilities in respect of that matter. Will a small business impact statement on that legislation be made available?

The Hon. P. HOLLOWAY: In relation to this bill, that question is better taken up with the Minister for Industrial Relations but, again, I make the point that this bill has been out for public consultation. It has been very widely publicised, there has been a lot of discussion on it, and specifically there have been submissions received in relation to that. There would be few bills that would have such broad community input, so I am not sure what, in addition to this full consultation period on the draft bill, the honourable member is suggesting.

As I have already indicated, my understanding is that the Small Business Development Council, Business SA and other groups have all made submissions in response to that process. I do not think anyone could argue that there was a shortage of opportunities for input from the small business sector in relation to legislation. Of course, we do not yet know what will ultimately transpire as a result of that, but that is something that you will need to take up with the Minister for Industrial Relations. The question is really hypothetical because we have not yet seen the final form of the bill.

Mr HAMILTON-SMITH: I refer to the financial figures in the budget papers, and particularly page 2.13 of Program 3. Why do you intend to spend so much less on small business than in 2002-03, for example? It is a drop from \$5.2 million in 2002-03 to \$2.4 million in 2004-05. It is less than half. What services have been reduced as a consequence of that cut?

The Hon. P. HOLLOWAY: I have already been asked that question in the Legislative Council and, as I responded on that occasion, the small business program does not represent all the services that are necessarily provided to small business. For example, the Office of Small Business itself—which is a significant input because it has five officers, including the director—is actually funded under ‘Program 1: Economic Strategy and Policy’ where there has been a significant increase. It was up from \$2.161 million in 2002-03 actual to \$11.992 million in this budget.

That is just one of the areas. There are also a number of other support services that have been provided to small business that have changed from Program 3, including Business Development Services. Some of the services that it provides to small business will be included as part of its budget which, I think, is ‘Program 2: Business and Manufacturing Capability.’ So, funding for the Office of Small Business and support for the Small Business Development Council is reflected in ‘Program 1: Economic Strategy and Policy’ and is in the order of \$500 000. The funding to support small business exporters is included in ‘Program 4: Trade Development’, so the small business export project is in there. Funding is also available within ‘Program 2: The Business and Manufacturing Capability for Skill Development and Awareness Raising.’ There is also the funding for the business enterprise centres, and that has been maintained at the same level as in the previous year of \$720 000.

In addition, as I previously stated, we intend having productive negotiations with the Adelaide City Council. We are hoping that they will establish a central BEC which would

receive the same level of support as the other BECs. That would involve an additional contribution from the government for which we have provided. In those ways, there is additional funding that will go to small business services.

Mr HAMILTON-SMITH: I take the answer to mean that you have spread small business funding around and about within the portfolio. I note the description objective on page 2.12 for small business, and the description of this program of \$2.458 million is to formulate policies and strategies to promote growth of small business and so on. This program is clearly also one which funds policy, so it seems odd to me that you have the Office of Small Business and these other moneys off in program 1, when the description in program 3 suggests that that money and the activity of the Office of Small Business and the Small Business Council should be in there. Then we would have some visibility, openness and accountability. At the moment your answer is, 'Don't read much into the fact that we have cut small business funding by half, because we have these other moneys tucked away in other programs.' It seems an odd way to run your accounts.

The Hon. P. HOLLOWAY: I think you are suggesting that those program descriptions do not necessarily fit. I was in opposition for many years and was often puzzled by the way these programs were put together. I am not sure if they come from Treasury or the department.

Mr GARRAND: It is a combination of both.

The Hon. P. HOLLOWAY: The important thing is the bottom line and the assistance going out to small business. If you just concentrate on program 3, it will give you an incorrect picture of the actual level of support for small business. As for why the Office of Small Business is in program 1, you could argue that the description in program 1, 'Economic strategy and policy', is also what the Office of Small Business does. You can argue a case about which ever program you have going.

Mr HAMILTON-SMITH: You should put it in there next year, minister; then it will look like an increase.

The Hon. P. HOLLOWAY: I will make one further point, if I may. Supplies and services under trade development have increased from the estimated result last year of \$3.5 million to \$6.83 million, and a large part of that will also involve some of those services.

Mr HAMILTON-SMITH: I take that point. I have a general question about 'Targets' on page 2.5. Does the government accept responsibility in principle for the payment of compensation to small business proprietors whose enterprises are detrimentally affected by roadworks which deny or restrict access or which have the effect of reducing patronage and turnover at their business site? If the government comes through, rips up the road, blocks off your entry and access and recklessly does damage and you cannot park at the front, does that business have a case? Does the government accept some responsibility for compensation?

The Hon. P. HOLLOWAY: You now have me giving views from the Treasurer, the Attorney-General, industrial relations and we are now into transport.

Mr HAMILTON-SMITH: That is the joy of the small business portfolio, minister.

The Hon. P. HOLLOWAY: I think the answer to that would obviously depend on the circumstances of a particular case. I do not want to make any off-the-cuff philosophical comments about big issues like that. I think the principles of compensation are well known. It is my understanding that, if a road is constructed, as we have had along Portrush Road

and places like that where land is repurchased at market values, there are mechanisms that have been in place for many years relating to how that takes place. Compensation is determined by standard formats. Quite frankly, it is not an area in which I claim a great deal of expertise but, if you want to give me a special case, I am happy to try to gain some expertise.

Mr HAMILTON-SMITH: I am glad you have offered me the opportunity, because I am about to do just that. With the greatest respect to the minister, I am increasingly alarmed that the answers seem to be along the lines of 'Look, although I am responsible for small business, go and ask this or that minister.' In my view, the whole point of having a small business portfolio is so that small business has a champion in cabinet.

The Hon. P. HOLLOWAY: That is scarcely the burning issue of the day for small business. It might be for one or two, but I do not think you could argue that land purchase is the biggest issue facing small business.

Mr HAMILTON-SMITH: It is an important issue for those businesses affected, although I note that the government has substantially has cut back on roadworks since coming to office. I understand that there are still some roadworks going on. There is the example of the Portrush Road development. I will name three businesses: the Silver Earth Trading Company Pty Ltd, the Norwood Garden Centre and the Robin Hood Hotel are all on Portrush Road and they are all victims of financial damage inflicted upon their businesses in recent months as a consequence of the Portrush Road works. In one case, 10 jobs have been lost from a particular small business adversely affected. One of those businesses is now facing difficulties paying its suppliers. This is directly attributable to the fact that there was insufficient consultation between the department and the small businesses concerned before the works began, and it was also a consequence of delays; people cannot get in or out. I put to the minister that the government cannot just come by and rip up the front of a business and recklessly cause that business to go into bankruptcy, sack people or go into financial turmoil without accepting some responsibility for that.

It is fine to say 'Okay; sue the government', but I wonder if, as small business minister, you believe the government ought to do something to tighten this up and perhaps amend the relevant legislation so that the small businesses are better protected. If the government does, I will be. Are there any plans, and what is your view on what I have put to you?

The Hon. P. HOLLOWAY: The only experience I have ever had with road transport was when I was a local member for Mitcham, and South Road was being upgraded. There were some negotiations that involved my predecessor Ron Payne more than me, but we were able to achieve satisfactory results in relation to most of the work that was done along South Road.

People will always claim to have been impacted by these decisions. You need some umpire somewhere to determine that. These procedures have been in place for many years. After all, repurchasing land or reconstructing a road is not something that has just happened in the past two years since this government has been in office. I certainly have never had it raised with me, in a generic sense, that there is some problem with the mechanism for determining compensation. I know that in each case it needs some specific assessment. It is one thing to say in one particular case that something has gone wrong, but I have not heard any criticism that the process is generically wrong.

If the honourable member wants to suggest that there is something generically wrong with that process, and if small business wants to put a case, that is something that I guess we would look at. But, again, I make the point that I do not think it is the number one issue facing the majority of small businesses. Obviously, if you are a business that has a particular issue at the present time it might be a big issue, but for small business generally I do not think it is their number one issue of the day. I am certainly not aware of any generic problems in relation to the compensation. But, if there are some specific issues, they should be raised and we can have them addressed by government. I think that is the role of the Minister for Small Business. It is not my role to develop policy in terms of transport planning and repurchasing of land; rather, my role is that, if it is brought to my attention that there is some generic problem, we will address those issues accordingly.

Mr HAMILTON-SMITH: I now refer to Budget Paper 4, Volume 1, page 2.5, 'Targets'. Which industry associations will be given, or are being given, a greater role under this government than perhaps under the previous government, and which associations does the government now favour for its advice and guidance on small business?

The Hon. P. HOLLOWAY: Which associations does the government favour? We have established the Small Business Development Council which, as we indicated earlier, has a number of members. Its primary role is to advise the state government on issues pertaining to the state's small business sector and to work actively on projects aimed at supporting the growth of small business. The council is chaired by the Minister for Small Business. It comprises five business/industry association representatives and six independent business owners. Members were selected on the basis of their skills, knowledge, contacts and standing in the small business community following a public call for nominations. Again, I add that all these people were, I believe, appointed prior to my taking up this ministry.

As I said, I am the chair of the Small Business Development Council. The independent business owners are Ms Melissa Cadzow from Cadzow TECH, Ms Ruth Carter, Ms Kea Dent, Ms Anne McLennan and Ms Sally Neville. From the industry/business associations there is Mr Max Baldock from the State Retailers Association, Mr John Chaplin from Business SA, Mr Chris Johnston from Family Business Australia, Mr Gary Matheson from CPA Australia and Mr Tim Sarah from the Master Builders Association. And, of course, there are the ex officio members: the Director of the Office of Small Business, Mr Allan Joy and Mr Brian Guthleben, who is the immediate past chair of the Small Business Advisory Council. That is where our advice comes from. Of course, we also involve a number of other groups.

As is the case with respect to all my portfolios, I have regular meetings with all the major groups that are involved. I am obviously involved with the manufacturing council, and we have the Engineering Employers Association as well as the relevant trade unions. I have had meetings with the Electronics Industry Association, which we support. We obviously have significant involvement with Business SA through a number of avenues. Obviously, the export council is developing its export plan (it is a pity that we have not had more time to talk about that). There is also the Food Industry Council. There is a number of groups and, certainly, I try to meet with as many of those peak groups as I can.

Through its plan, the export council is developing contacts with as many industry sectors as possible. I think it is up to

about 17 sectors at the moment. The whole point of the government's industry plan (and particularly the export planners) is that we really want industry to take the lead. It will not be governments that achieve the exports—we are not in the export business, as a general rule—it is industry. We see our job as being to facilitate industry in developing its own reasonable targets. I am not quite sure whether that answers the member's question.

Mr HAMILTON-SMITH: I might ask another question on the same subject, and it relates to the same page. Can the minister list the number of small business industry associations, family business associations or export clubs associations that have had funding or support removed by the department or by the government? How much funding has been removed from such organisations in dollar terms? On the other side of the sheet, can the minister list which small business associations, family business associations or export clubs associations will be funded or provided with assistance and support, and how much financial support will be provided?

The Hon. P. HOLLOWAY: One of the things this government tries to do is to be neutral in its use of funding support. I think we would need to take that question on notice. It can get a bit complicated if you are talking about groups such as CITCSA, for example, where you have peak bodies and other groups. It depends whether you are talking about, say, funding for those component parts of CITCSA that might be going on export missions or whether you are talking about ongoing grants. It is probably best that I take that question on notice, or even if we arrange a briefing, because obviously a lot of definitional issues will arise.

Mr HAMILTON-SMITH: Minister, will you arrange for a reply on notice and a briefing?

The Hon. P. HOLLOWAY: We will certainly give the honourable member a briefing and we will provide at least the summary information for those groups that do get grants. I assume the honourable member is talking in terms of getting a grant because it is a peak body.

Mr HAMILTON-SMITH: Has any financial or in kind assistance, such as staff support, been received?

The Hon. P. HOLLOWAY: We are trying to fund organisations to achieve the State Strategic Plan. We do not want to fund a body just because it is a body. If they do get funding, it should be to achieve the objectives, whether it is the export targets or other targets of the state's strategic plan. We do not see it as our job to fund them just because they are there: we fund them to achieve the objectives.

The Hon. G.M. GUNN: Minister, I do not wish to hold this process up any longer than necessary, but I want to ask you one relatively simple question. One of the main complaints that I get from small business concerns the difficulties they have dealing with unnecessary red tape, paperwork and insensitive bureaucracy. I know people will say that this is a pet fad of mine, but I will give a couple of examples. Saturday week ago, I was in the company of the member for Schubert. We met with a Mr Reimann halfway between Kapunda and Blanchetown at a location where he wants to install a waste processing plant to process water and recycle it so that it can be used again in the wine industry. It is terribly important for the people of South Australia. I put to you that the hassles and nonsense that he has gone through with the development assessment people is unbelievable.

I sometimes wonder where these people are going in terms of whether they want development and whether they want people to invest. All there is out there is stunted mallee and,

heaven help me, I think it is an isolated spot and the right place to put one of these things, away from residents and out of the way. That is just one example. I will give another one. Last year during harvest, at a little place called Nundroo—I do not know whether the minister has have ever been to Nundroo.

The Hon. P. HOLLOWAY: Yes, I have.

The Hon. G.M. GUNN: It is a little place near and dear to my heart and there is a grain silo called Pintumba. For the past 20 years, road trains have carted grain out of there—a little bit of dirt up on the bitumen. The wheat board had a contract to load a ship, so the carrier went there. It had just got started when down came Inspector Burford from the Department of Transport. He must have thought that he had caught Ronald Biggs or some other outrageous person, because he gave them a ticket. He stopped the whole process because he said that they did not have the right permit. This character had driven past the workshop nearly everyday of the year. If there was a slight problem, all he had to do was call in and say, 'Look, get the paperwork.' But, no, he had to write out a ticket.

Of course, all hell broke loose in this place when the Minister for Transport found out, because we were ready to move a censure motion on the director of transport and other people. I do not know whether they are instructed to do this or whether, when people put on a uniform, they get a kick out of it, but, at the end of the day, all they are doing is frustrating people. Minister, I have always found you to be a reasonable person—and people might say that I am that—

Mr O'BRIEN: You are!

The Hon. G.M. GUNN: I thank you; you have really made my day.

Ms Breuer interjecting:

The Hon. G.M. GUNN: Do not get me going because I could keep this thing going and I do not want to. I know the honourable member wants to catch a plane, and I have a long way to go, too. Can the minister get people to apply just a bit of commonsense and reason? The whole purpose of life is not for people to make things as difficult as they can but to make them as easy as possible. In my early days in this place Sir Thomas Playford told me that he always used to say to public servants, 'Your role is to help people, not hinder them. I do not want you to tell me why we can't do it; I want you to tell me how we can do it.' Unfortunately, that philosophy has flown out the window.

I ask whether the minister can give some guidance to some of these people. They are just two examples of the complaints we receive on a regular basis in our electorate office. I must admit that, at the end of some days, my blood pressure goes right up and I think I am engaged in some sort of confrontation with the bureaucracy. I seem to think that they want to pick on me for some reason. The difficulty is, minister, the average citizen is at great disadvantage when they are confronted by the government or its agencies. They do not have the resources to challenge these people. I believe that, in a democracy, it should not be the role of the state to make life unnecessarily difficult for people all the time.

The Hon. P. HOLLOWAY: I understand the point the honourable member is making. Of course, it is not really within this portfolio, and I do not think that people are likely to get that sort of reaction from this department. In fact, the only response that I get from small business people is very complimentary about the services provided by this department. Then, again, we are out there helping them. I think that the problems the honourable member is talking about concern

more regulatory departments. I think it is the bane of every government. We talk about one-stop shops, speeding up approvals and reducing red tape. Clearly, that is what the Economic Development Board is about, and I think they are often as frustrated as ministers and everyone else when that does not come about as quickly as it can.

The Premier has made comments on a number of occasions when he has spoken to chief executives about trying to speed up these approval processes. I think people deserve an answer in relation to a lot of their development processes. Even if it is no, they at least deserve the answer in a quick fashion. I know my colleague the Minister for Infrastructure in another place is very much of that philosophy, and I know he is one minister who is doing what he can to ensure that these processes are improved; and I think the Minister for Urban Development and Planning, another one of my colleagues, is also trying to implement those parts of the State Strategic Plan that relate to development approvals and trying to speed them up. We are all trying to do that. All I can say is that it is not as easy as we would like, but we are doing our best.

Mr HAMILTON-SMITH: I refer to page 2.13, program 3. As Minister for Small Business, are you as concerned as many of the businesses that have contacted the opposition about WorkCover premiums that have increased for small business, in some cases by as much as 25 per cent? One real estate business, which has three offices in South Australia, has had that level of increase over previous years. Do you acknowledge that this is a significant impost? What can your portfolio do to get that cost down for small business?

The Hon. P. HOLLOWAY: Again, this is not my portfolio area and I do not claim to be an expert on WorkCover, but I do know that some reductions were foreshadowed and announced prior to the last election that were clearly not sustainable. It is important that our workers' compensation system, WorkCover, is self-sustaining. There have been arguments about equity issues in relation to that. Some industries have higher premiums than others because of the nature of the industry. The objective is that the cost should cover the cost of workplace injury. The system should work to encourage good employment practices which minimise the risk of injury in the workplace.

Of course, we would also wish our scheme to be comparable in relation to both services and costs of those in similar jurisdictions. Really beyond that, I do not want to make any specific comments. Clearly different industries have different issues, and it is a huge area of discussion and, if you want to get into the philosophy of it, you are better doing so with the Minister for Industrial Relations, who is the expert, rather than here.

Mr HAMILTON-SMITH: I refer to pages 2.5 and 2.6, targets. What current state tax and levy provisions apply for the transfer of assets, property and leases from one family owned structure to another? Do you and your department feel that there is a need for reform? As you would be aware, many small businesses are family businesses. They restructure father to son, mother to daughter, etc. They move assets around from one family company to another or from one person to another. I am interested as to whether or not you feel that the current tax, levy and transfer of asset arrangements are adequate or whether the government is planning any review with the goal of encouraging and promoting family businesses and making things easier for them.

The Hon. P. HOLLOWAY: Again, you are really getting into an area of taxation, which is the preserve of the Treasur-

er. I do note that there has been some reduction in taxes. I think that mortgage tax reductions were announced in the budget. The Small Business Development Council has suggested we have a research project into some of these issues, the impact of these sort of taxes upon small business, and I believe that this is the way this can be best done so we have that input. Then, as Minister for Small Business I can, if necessary, take up any issues that come out of that review.

Again, your question in some ways goes to the very heart of the definition of small business, and many of the people who are affected by transfers are farmers, and one of the issues that has come up regarding small business is the farm sector. Most of us would regard farms as small business, and most family owned farms are small businesses, but they do not necessarily apply in statistics. Often the statistics that we are using for small business do not accurately reflect what the real state of companies is. A number of different definitions are used for different statistics but, again, there are a whole lot of issues.

In the past, parliament has considered issues in relation to the farm sector with regard to transfers and special changes being made to legislation, but the driving force for that was through agriculture and the specific industry lobby or departments that represent those interests rather than small business. Again, it comes back to the point I made earlier. If there are some generic issues—which is what we are asking the Small Business Council to look for—we will take those up. If they are specific to particular sectors, it may well be more productive if they are taken up through the responsible minister.

Mr HAMILTON-SMITH: I move to the Office of the Small Business Advocate. I note that you have made some statements in the upper house about this. I am concerned about the issue of competitive neutrality, where government may compete with the private sector, for example, in certain businesses within the education sector, within the aged care sector and within the health sector. There is a whole range of examples of government competing alongside the private sector whilst at the same time being the regulator. The red tape issue was mentioned by my colleague the member for Stuart. Now that you have decommissioned the Office of the Small Business Advocate, where can a small business go to seek help against government or against bureaucracy, red tape or competitive neutrality issues? Have you established further and clarified your thoughts on what structure will replace that in your department?

The Hon. P. HOLLOWAY: Indeed. The Office of the Small Business Advocate will cease operations on 30 June this year, but the Office of Small Business will continue the roles and functions of the Small Business Advocate. The Office of the Small Business Advocate files and database will be located within the Office of Small Business. To all intents and purposes, the Director of the Office of Small Business will be the Small Business Advocate.

Many of the advocate functions will be delegated to a staff member in the Office of Small Business. Currently the Office of the Small Business Advocate has two permanent staff at this time. The current Small Business Advocate will be redeployed, but the ASO2 within the Office of Small Business Advocate has accepted a position within the Office of Small Business. Arrangements have been made for the redirection of phone calls and mail. The Office of Small Business will be the initial contact and referral point for the small business sector.

The creation of the Office of Small Business with five staff and the establishment of the Small Business Development Council represent an upgrade in services to small business. The number of matters coming to the attention of the Small Business Advocate had declined significantly in recent times. In the three years to June 2003 the Office of Small Business Advocate took an average of 2 532 inquiries per annum, which equates to approximately nine calls per day and led to an average of 112 detailed investigations per year. That was probably for the year to June 2002. In 2002-03 approximately 40 per cent of telephone inquiries were from callers wanting information about starting a business. These were referred to CIBM, the BECs or the relevant regional development board.

There has been a dramatic drop in the number of calls received by the Office of Small Business Advocate and the number of investigations over a four-year period. In 2001-02 the office received 2 532 calls, of which 119 became investigations; in 2002-03 the office received 1 460 calls, of which 70 became investigations, and the above trend has continued in 2003-04. From 1 July 2003 to 31 March 2004 the Small Business Advocate received 591 phone calls, which resulted in 66 investigations in the nine-month period. The government believes that, in spite of the significant decrease, the role of the Small Business Advocate remains a valuable asset in service delivery to small business and for this reason the role will be upgraded within the Office of Small Business, with the Director becoming the Small Business Advocate. I have asked the Director of the Office of Small Business to consider how the objectives of the Small Business Advocate can best be delivered in the new system and I am sure he will be working on that in the coming months.

Mr HAMILTON-SMITH: With small business impact statements, the target sections 2.5 and 2.6, is there a cabinet circular, instruction or agreement that all cabinet submissions see a small business impact statement prepared, and how many cabinet submissions have had a small business impact statement?

The Hon. P. HOLLOWAY: It is a requirement that cabinet submissions should have a small business impact statement. I am not sure when that process began. That system has been in place since July 2003, and guidelines assist agencies in preparing proposals for consideration by cabinet to assist the impacts of their proposals on the state's small business sector. An evaluation of the positive and negative effects on small business will improve the quality of analysis and decision making and help to ensure that policies developed are consistent with the government's economic growth and development objectives. Agencies are encouraged to consult DTED or the Office of Small Business at an early stage in the development any initiatives that are likely to have significant implications for the state's small business sector. Where proposals are expected to have a major small business impact, agencies are encouraged to seek the advice of the Small Business Development Council, and that has certainly happened on at least several occasions since I have been minister.

Mr HAMILTON-SMITH: Do you decide on a case by case basis whether a small business impact statement will be prepared on a particular submission or do all cabinet submissions have it?

The Hon. P. HOLLOWAY: All submissions would have a note on whether it has a small business impact. Some may not, but those that do are expected to have that statement, and my agency would give me a comment on whether it believed

that that was adequate and it gives me the capacity as Minister for Small Business to take it up in cabinet. There is a similar process in relation to regional impact statements.

Mr HAMILTON-SMITH: I have a number of other questions I will now put on notice, but I would like to read in a few questions for the department in its entirety by way of omnibus questions as follows:

1. What was the total expenditure on consultants or contractors across the department at all levels?

2. How many staff have been reduced in 2003 or are planned to be reduced in 2004-05?

3. How many TVSPs have been provided?

4. How much has been spent on credit cards, expense accounts and accommodation costs across the department in 2003-04 and how much will be budgeted for expenditure in 2004-05 on those same devices?

5. How much has been spent on the minister's travel and accommodation and respective ministers' travel and accommodation, including staff accompanying the minister in total and broken down into specific overseas trips, interstate trips and intrastate trips?

The Hon. G.M. GUNN: We have just gone through the process of reading out the omnibus questions. It appears an unfortunate and unnecessary nonsense, although I know that it has happened for the past 10 years. Surely, we can bring about a more sensible set of circumstances. At the end of the session, if members have questions they could be tabled and answered without going through this fiasco of reading them,

when often no-one can understand them. There should be a limited number of questions, otherwise the attention of a whole department is diverted away from doing more important things. Can this issue be taken into consideration when looking at how these committees operate?

The CHAIR: Thank you, member for Stuart.

Mr HAMILTON-SMITH: I thank the minister, and all the staff involved, for all their hard work in preparing for today's estimates.

The Hon. P. HOLLOWAY: I, too, thank the department for all its work. It has been particularly difficult given the recent restructuring of the department and there being only 77 officers in the department—and there were considerably fewer when the budget was being formulated.

Mr Hamilton-Smith interjecting:

The Hon. P. HOLLOWAY: No; while I am the minister there will not be, I can assure you of that. It has been particularly difficult for those executive officers who have had to carry a heavy load over this budget preparation period, and I thank them all for their efforts. I also thank the members and you, Madam Chair, for your chairing of the committee.

The CHAIR: There being no further questions, I declare the examination suspended until 23 June.

ADJOURNMENT

At 5.20 p.m. the committee adjourned until Monday 23 June at 11 a.m.