

HOUSE OF ASSEMBLY

Tuesday 22 June 2004

ESTIMATES COMMITTEE B**Chair:**

Ms M.G. Thompson

Members:

Ms V. Ciccarello
 Mrs J. Hall
 The Hon. D.C. Kotz
 Dr D. McFetridge
 Mr M.F. O'Brien
 Mr J.R. Rau

The Committee met at 11 a.m.

Department for Administrative and Information Services
 (including equity contributions), \$182 172 000
 Administered Items for the Department for
 Administrative and Information Services, \$5 680 000

Witness:

The Hon. M.J. Wright, Minister for Administrative Services, Minister for Industrial Relations, Minister for Recreation, Sport and Racing, Minister for Gambling.

Departmental Advisers:

Mr P. Case, Chief Executive, Department for Administrative and Information Services.

Mr B. Miller, State Procurement and Business Development, Department for Administrative and Information Services.

Ms V. Vartto, Strategic Policy Officer, Department for Administrative and Information Services.

Mr D. Harvey, Director, Office for Racing.

Mr T. Arbon, Principal Policy and Planning Manager, Office for Racing.

The CHAIR: I declare the proposed payments open for examination and refer members to the Budget Statement, Appendix C, page C3, and Portfolio Statements, Volume 2, Part 6, in particular pages 6.1 to 6.8 and 6.13 to 6.45. I think most people here are familiar with the procedures for estimates. The important point to note, particularly for new people, is that questions are asked of the minister, not the advisers, although the minister may ask advisers to provide some information. The other matter is that members who are unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*. The key thing today is to check that there is agreement on a timetable. Minister, have you and the lead speaker for the opposition agreed on a timetable.

The Hon. M.J. WRIGHT: I believe so.

The CHAIR: Do you have a short opening statement?

The Hon. M.J. WRIGHT: Yes, Madam Chair. The Office for Racing is a discrete business unit within the Department for Administrative and Information Services and is the administrative vehicle through which the government

works to initiate, develop and assist with the implementation of strategies designed to maintain and improve the overall viability of the racing industry in South Australia. This work continues to be undertaken in close collaboration with key industry stakeholders and through the Racing Industry Advisory Council.

This government has an ongoing commitment to the role of the office and the council. The office works closely with the Gambling Policy Unit within the Department of Treasury and Finance, the Independent Gambling Authority and the Office of the Liquor and Gambling Commissioner in the development of policy on matters such as, but not limited to, TAB fixed odds betting, bookmaker operations, proposed amendments to the Authorised Betting Operations Act and National Competition Policy issues.

As I mentioned last year, the racing industry has received funding allocations in recent years under the Office for Recreation and Sport's Management and Development Program. This funding, amounting to \$650 000 in total, has been allocated to the racing codes based on their ability to promote the government's health messages via the sponsorship of selected racing events. Funding of this order has been provided for many years and originally represented tobacco replacement sponsorship.

In accordance with my commitment to conduct a total review of the effectiveness of all grants programs managed by the Office for Recreation and Sport, changes have been made to the guidelines under which funds will be distributed from 2004-05 onwards. As I have said on previous occasions, the racing industry will still be eligible to apply for funding under the new guidelines and, as with all bodies, the codes will have their applications assessed on merit against the new program criteria. Other peak sporting bodies that have received similar funding under the banner of tobacco sponsorship will also be required to adapt to the new assessment criteria.

I look forward to continuing to work with the racing industry in order to build upon the already constructive relationships that have been developed through the Office for Racing and the Ministerial Advisory Council. In closing, I thank all members of the Racing Industry Advisory Council, particularly the Chair, Mr Bob Bastian, for their dedication and support of the racing industry.

Dr McFETRIDGE: I have a brief opening statement. I acknowledge the role the minister has played in developing the constructive relationship with the racing industry; that is a developing relationship. I also acknowledge the leadership the minister has shown in getting the states to cooperate to try to achieve a level playing field to recover betting revenue, particularly taking on the Northern Territory and the ACT. Minister, we encourage you in those endeavours.

In relation to Budget Paper 4, Volume 2, page 6.19, 'Racing', and the \$499 000 budget, precisely how is that to be spent, and could you provide a breakdown of (a) staff costs, (b) travel costs and (c) meeting costs? Does this \$499 000 also include the cost of travel for the minister and his staff in hosting ministerial council meetings?

The Hon. M.J. WRIGHT: Broadly speaking, what the honourable member talks about would be areas covered by the budget. I will get the precise detail for the honourable member. We will be answering all these questions as best we can throughout the course of the day and the evening but, of course, if any corrections are needed we will be doing a close analysis after today and, if need be, I will be coming back to the house. Generally speaking, approximately two-thirds of

the budget would be for staff and oncosts. The rest of the budget would generally be made up of the things that the honourable member talked about. Certainly, there would be costs associated with meetings, with travel and with accommodation. It is essentially those areas but not necessarily only these areas.

In regard to the ministerial conferences, they rotate from state to state, as do all ministerial conferences. There have been a number of meetings interstate at officer level in addition, for which primarily the Director of the Office for Racing Denis Harvey has had a responsibility. In one of those roles he was the national chair of the committee looking at betting exchanges. There would also be some costs associated with the Racing Industry Advisory Council but, generally speaking, they would be the areas that would make up the budget. But we can get greater detail for you on that.

Dr McFETRIDGE: In relation to the same page and volume in the budget, there has been considerable speculation in the racing industry that the \$500 000 smoke-free annual grant will not be renewed this year. Is the minister aware of this speculation and can he update us on the government's intentions?

The Hon. M.J. WRIGHT: Yes, I can. There is no real smoke and mirrors attached to this, nor should there be any great doubt within the racing industry about the direction the government is taking in respect of this. I referred to it in my opening statement. Since this government came to office, we have put the racing industry on notice that, in relation to the money that had been allocated previously across the codes (approximately \$650 000 in total), there would need to be an assessment as a result of the review that we did of all our grant expenditures. As I referred to in my statement, what will now be required, not only of the racing industry but also of all the organisations that apply for funding, is that they match the existing criteria. As I said in the ministerial statement, in the past the money that has gone to the racing industry has been allocated up against the old tobacco-free message.

That is important: let us make no mistake about that. But in respect of funding that is made available in our portfolio, of course there is always greater demand than there is supply, as the former minister for recreation and sport who is with us today will be well aware. So, whether it be in regard to this issue or right across the broad spectrum, we need to match up what we are trying to achieve with our money. With all our grant funding, unashamedly what we say is that our major outcome, although not the only one we are aiming for, is that healthy lifestyle, the 'be active' lifestyle. That does not preclude the racing industry from being able to continue to apply for grant funding, and it is my understanding that they have done so in the round of funding currently being assessed by the committee that is in place to do so, not by me as minister.

Providing that they can match the criteria that are in place, they remain eligible for grant funding. The message for all sporting bodies, and not just the racing industry, is that they need to match up with the criteria for grant funding. The racing industry is well aware of this. We have been telling them this since we came into government. I am not arguing this, but it could be argued that they have been fortunate over the past two years; that they have actually received funding that, strictly speaking, you could argue has not been in line with what the other organisations have been assessed against. You could make a good argument for that, because there has to be some transition period. That has certainly now occurred.

Two years has been a fair amount of time for the racing industry and other organisations to be able to adjust to make sure that they meet our criteria. But all organisations since the review that took place as a result of our coming to government now have to apply themselves strictly to the criteria that exist. I wish them well in doing so.

Dr McFETRIDGE: Dealing with the same reference in the budget papers, the racing industry has considerable on-course betting. Winning bets are rounded down to the nearest 5¢ or 0¢. There are also occasions on which punters do not claim their winning bets. These are known as fractions and unclaimed dividends. This money is currently paid into general revenue and, I am informed, comes to a sum of approximately \$200 000 per annum, nearly all of which is unclaimed dividends. I suppose you could say this brings a new meaning to the term 'mug punter'. Will the government give consideration to enabling the racing industry to retain these funds?

The Hon. M.J. WRIGHT: Once again, I thank the member for his question. I need to correct part of the assertion: the money from on course fractions is actually held by the clubs, not by government. You are correct in the other area that you referred to: the unclaimed dividends (and it is approximately \$100 000, not \$200 000) is held by government, just as it was by the previous government.

Dr McFETRIDGE: So you are not considering returning these funds to the industry?

The Hon. M.J. WRIGHT: It is not under active consideration.

Ms CICCARELLO: I refer to Budget Paper 4, Volume 2, sub-program 5.2, page 6.19, and, minister, I hope you will be very impressed with my knowledge of the racing industry. Can the minister advise the committee of the progress of the recently introduced SATAB fixed odds betting service?

The Hon. M.J. WRIGHT: I can, and I thank the member for Norwood for her question. I know that she is an active attender, particularly at Victoria Park, which of course is very much something she is involved in.

Ms CICCARELLO: I ride my bike across there.

The Hon. M.J. WRIGHT: This is an important issue. The government did make the decision that we would change the legislation to provide for the opportunity for fixed odds betting. The South Australian TAB commenced accepting fixed odds bets on racing events on 13 May this year, and the initial focus of the fixed odds betting services were the two days of the Adelaide Cup long weekend. During this time a limited number of other selected thoroughbred, harness and greyhound racing events have been nominated for fixed odds betting purposes by the South Australian TAB, so it is the South Australian TAB that makes a commercial decision as to which racing events it operates on. Obviously, that is a commercial decision and it invariably revolves around the significance of the particular race, because the higher the volume the greater the propensity to provide for fixed odds.

For the period since 13 May this year until last weekend I understand that approximately \$250 000 has been invested by way of fixed odds on racing events through the South Australian TAB. That is quite a significant start, and it demonstrates that there is a demand for this product. We were confident that that would be the case but, of course, this provides the opportunity for people betting in South Australia to have the same facility that exists in all other states. This level of turnover is within the range of estimates considered to be achieved from the introduction of this service and represents investments that would certainly have been lost to

South Australia had we not introduced the necessary legislation.

Ms CICCARELLO: From the same budget document and page: have there been any examples of suspicious or unscrupulous activities associated with the relatively new form of betting known as betting exchanges which have impacted on the integrity of racing?

The Hon. M.J. WRIGHT: Unfortunately, that has been the case. Betting exchanges are parasites on the racing industry, and I will explain why. Betting exchanges are a relatively new form of betting and, I think, the one which has been most publicised and which perhaps members have heard of is Bet Fair. It is considered the largest betting exchange operator in the world and is licensed in the United Kingdom as a bookmaker. The member is correct that, despite repeated requests from the controlling bodies of the Australian racing industry and despite governments across Australia refusing to grant licences for betting exchange operations, Bet Fair continues to defy industry and government by providing internet betting services on Australian racing events to Australian residents.

In the United Kingdom there are a number of licensed betting exchanges operating on all manner of racing and sporting events, including the ability to bet in-running or, in other words, during the course of an event. These exchanges have led to an increased number of examples in recent months of reported incidents of unscrupulous behaviour where, for example, it is alleged that horses have been deliberately prevented from winning or have been presented for a race in the knowledge, by stable contacts, that the horse has an injury which would prevent it from winning. It is this particular nature of betting exchange operations—where a punter can, with great efficiency, profit from betting on a horse, dog or sporting team to lose—that is the strongest underlying cause of concern. It is not something that Australia has been familiar with in the past. We, of course, have been brought up on the notion of backing something to win, but a betting exchange provides the capacity for someone to bet on something to lose.

Recent examples of unscrupulous behaviour that have been witnessed in the UK include the infamous farrier case, where it was reported that a farrier was in a position to have knowledge of a horse's injury and subsequently backed the horse for substantial amounts to lose. The horse duly lost and the farrier collected in excess of £100 000 from other punters who were unaware of the horse's injury. This activity occurred a number of times before the alarm bells rang with UK racing authorities.

Another example that prompted the UK authorities to take action following suspect behaviour and equally suspect betting activity included a well-known and leading UK jockey who was clearly shown on video patrol films not riding his mount out to the finish after leading by a substantial margin in the home straight. It was widely reported in the UK press that he was found to have been involved in tipping another horse in the race to some punters. This other horse duly won the race and the bets were collected. In another suspect piece of riding a jockey was charged by industry stewards with jumping off his mount during the course of a hurdle race in the UK. He was not charged with falling off: he was charged with jumping off, so blatant was the offence. I think that might have been the one where it was reported that the horse's owner was, in fact, the Queen, so there are certainly no rules when this occurs.

In each of these examples there were remarkable betting drifts on the exchanges, indicating that those in the know were participating in the rorting of hundreds, if not thousands, of innocent punters around the world. In the last week or so the chief executive of Ladbrokes, one of the big three bookmaking companies in the UK, created a storm in the country by stating that, in his opinion, at least one race per day in the UK is corrupted and that this situation is directly attributable to the ability to profit from the defeat of horses through betting exchanges.

It is little wonder, given evidence such as this, that the Australian racing industry is so concerned about the effect that internationally based betting exchanges can have on Australian racing product. Exchanges can clearly have a negative impact upon the integrity of our racing industry, as shown by the numerous examples of malpractice described above. Similarly, the business models of exchanges do not provide for the delivery of adequate commercial returns to racing or to government. Furthermore, they present new and unwanted opportunities for problem gambling. As racing minister, I share these serious concerns and, therefore, oppose the licensing of betting exchanges in Australia.

Ms CICCARELLO: My third question relates to the same budget paper. It was pleasing to hear, in his opening statement, the shadow minister compliment the minister and his officers on their efforts in this area. What is the progress of the report prepared by a task force comprising government officers from all Australian jurisdictions into cross-border betting and its impact on the Australian racing industry?

The Hon. M.J. WRIGHT: I thank the member for her third question. This is another important issue. I guess these are the two most critical issues for the racing industry from an integrity point of view and from a financial point of view, if you look at it from a global perspective. This has been an ongoing issue for racing ministers around Australia.

The Conference of Australasian Racing Ministers on 17 May 2002 unanimously agreed to the establishment of a joint government and racing industry cross-border task force to examine the issue of cross-border betting and its impact on the industry. The focus of the task force was to examine the cross-border betting activities of the large corporate bookmakers operating in the Northern Territory and the ACT. The majority task force view was that, in light of this objective, the focus of its deliberations should be on cross-border betting with bookmakers to the general exclusion of TAB betting, and racing betting to the exclusion of betting on sports.

The cross-border betting task force's subsequent report to the racing ministers in November 2002 contained a number of recommendations, with some representing the unanimous view of the task force, and others being supported by a majority of members. The major recommendations of the report were the application of a product fee—possibly 1 per cent of turnover on bookmaker betting; that all bookmakers be subject to minimum wager obligations, that is, a bookmaker must be prepared to risk a certain amount on each bet; and the prohibition of bookmakers offering to pay totaliser dividends in line with Australian TABs.

At their October 2003 conference, the racing ministers resolved to refer the report and its recommendations to the Australian Racing Board, the Australian Harness Racing Council and the Australian and New Zealand Greyhound Association for response in consultation with the industry prior to the next conference in March 2004. At the 2004 conference, ministers noted the advice of the Chairman of the

Australian Racing Board that, while discussions with the bookmaking industry since October 2003 on the issue of a product fee have involved a useful exchange of views, they have not led to a proposal that the Australian racing industry feels it could comfortably accept.

The racing ministers unanimously resolved to declare their full support for a national product fee scheme covering bookmaker race wagering; to support the application of any product fee scheme to trans-Tasman betting; to recognise the entitlements of the national racing industry as the supplier of the racing product; to introduce a national product fee scheme; to implement and enforce such a scheme by recourse to any means available to it; to support the national racing industry in its endeavours to introduce a national product fee scheme; to support an approach by the industry to the ACCC for exemption of the product fee proposal from any trade practices act limitations; and it applauds the racing industry's proposed test case litigation against unauthorised use of its intellectual property.

A majority of the delegates—the Northern Territory excepted—further resolved to consider available legislative measures including mirror legislation across all jurisdictions. In the main, there is agreement amongst the states except the Northern Territory which, of course, has a particular interest. I do not think their position can be sustained, and I hope that, ultimately, it will come in line with the rest of the states so that the activity of corporate bookmakers can be taken account of and treated accordingly so that the Australian racing industry is not disadvantaged as a result of the activity of corporate bookmaking.

Dr McFETRIDGE: In the last few minutes available, I will read out the omnibus questions.

1. Did all departments and agencies reporting to the minister meet all required budget savings targets for 2003-04 set for them in the 2002-03 budget? If not, what specific proposed projects 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, the cost, the work undertaken and the method of appointment?

3. For each department or agency reporting to the minister, how many surplus employees are there? For each surplus employee, what is the title classification of the employee and the total employment cost 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 expenditure in 2003-04?

5. 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 expenditure into 2004-05?

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

6.2. What is the estimate for 30 June 2004?

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

7.1. What is the difference between consultants and contractors and how many people or services previously classified as consultants are now shown as contractors?

7.2. What is the value of their contracts and what are the services they provide?

The Hon. M.J. WRIGHT: I have been advised by the Director of Racing that, as the book manager of fixed odds betting operations, TABCorp determines which events shall be fixed odds events. I think I referred to the SA TAB as doing so previously, and I apologise for that. TABCorp has that responsibility.

The CHAIR: We will now move to the Office for Recreation and Sport.

Additional Departmental Advisers:

Dr P. Hamdorf, Executive Director, Office for Recreation and Sport.

Ms J. Hughes, Director of Strategic and Operational Services.

The CHAIR: Does the minister wish to make a statement?

The Hon. M.J. WRIGHT: Yes. At this point I wish to acknowledge the member for Morphett and congratulate him on his elevation to the role of shadow minister for recreation and sport. The government's recreation and sport programs are delivered through the Office for Recreation and Sport, which is a business unit of the Department for Administrative and Information Services. The government's aim in relation to these programs is to build better communities by promoting a lifelong involvement in active recreation and sport. To achieve this aim the government, through the Office for Recreation and Sport, works in partnership with clubs, associations, community groups, local government, industry and state and federal agencies, and we would like to thank them all for their support.

The Office for Recreation and Sport is charged with the responsibility of providing the leadership to strengthen the contribution of active sport and recreation in our community. In strengthening this contribution the overall social, health and economic wellbeing of the community and individuals in it is improved. This is achieved through a coordinated and integrated approach across government and industry, through the provision of a whole of government approach and by increasing the profile of the recreation and sport industry in South Australia. This approach is vital if we are to achieve a better than national average participation rate in physical activity within the next 10 years.

Fostering a strong, vibrant and innovative industry is also vital, and the office is actively engaged with industry through its training and development initiatives and through the establishment and maintenance of strategic partnerships. The sustainability of facilities is also essential. This means improving the planning for facility development and maintenance and making sure that facilities are accessible to the community and that we have effective, high level management of existing facilities.

The government is also committed to promoting sporting excellence through the programs delivered by the South Australian Sports Institute (SASI). The development and support of elite athletes complements the quest to improve the physical activity of the general population. Later this year it is expected that South Australia will be represented by more than 30 Olympic and 15 Paralympic athletes when selection for Athens is completed and, obviously, we all wish them

well. This is a measure of the success of our local athletes at major sporting competitions.

The government continues to support SASI in the provision of a range of sports and scholarship programs as well as first-class sports science services. SASI continues to be involved in master planning for the future of elite sport in this state. The development of a nationally coordinated approach to high performance sport in Australia is a key component, as is the intent to retain key national programs. It is expected that SASI will strengthen its international focus and develop strategic international partnerships in the coming year. This focus will assist SASI to retain a contemporary world-class perspective on elite sport best practice.

The government is also committed to fostering lifelong involvement in sport and recreation. To achieve this objective the government's priorities include:

- promoting the social, economic, health and wellbeing benefits of participation in sport and active recreation;
- developing and maintaining partnerships with industry, commerce and all levels of government;
- providing leadership for the recreation and sporting industry;
- developing facilities, programs and services;
- continuously improving the development of the recreation and sporting industry; and
- elite performance.

A review of the grant funding process took place last year, and changes have been made to reflect the government's commitment to improving the effectiveness of these programs. A new program, Making Communities Active, has been created to boost access to quality recreation and sporting activities as well as helping community-based recreation and sporting organisations to increase levels of participation. Several important changes have also been made to the management and development program, now known as the Statewide Enhancement Program. The program will allow for the continued provision of assistance to sport, active recreation organisations and industry representative bodies and will provide opportunities for other organisations to deliver active recreation and sport programs to the broader South Australian community.

The government has a goal to increase participation levels and maximise the benefit for all South Australians. To be successful, it is vital that the grassroots community of the South Australian sport and active recreation sector is supported. There is a commitment to improving coordination and building linkages between all government departments with the aim of promoting healthy lifestyles, avoiding duplication and improving outcomes for the community in the following areas:

- Working with peak sporting bodies, associations, clubs and the Department of Education and Children's Services to encourage fair and ethical sporting behaviour is a priority.
- Supporting community-based sporting organisations to ensure that all South Australians are able to access high quality, affordable sport and recreational opportunities at the local community level.
- Enhancing the link between sport and recreation and healthy lifestyles for all South Australians by developing strategies for workplace fitness programs and introducing standards to cover fitness instruction, and addressing health and safety issues associated with sport and active recreation programs.
- Maintaining South Australia's network of recreation trails.

- Working with community groups and local government to protect road reserves and other government land for recreational use is important in preserving our natural resources.

- Working with community groups and local beachside councils to develop a comprehensive environmentally sensitive recreational trail network through Adelaide's beachside suburbs, which is integrated with the Coastal Way ensuring a comprehensive trail network in the metropolitan network.

- Maximising the access and use of sporting facilities by all levels of participants from the elite to the fun-loving amateurs enables all South Australians to benefit from government-controlled venues.

In summary, the plans for this coming year include:

- launching the State Physical Activity Strategy and the Be Active campaign;
- the completion of the framework for the provision of recreation and sport for people with a disability;
- the implementation of a range of harassment free sport initiatives;
- the implementation of the State Sporting Facilities Strategy;
- the commencement of the new grants program Making Communities Active, or Move It! as it is sometimes known;
- hosting a national trails conference;
- a review of the Boxing and Martial Arts Act and regulations; and
- a decision on the development of a state aquatic centre.

The government has many challenges in the quest to promote lifelong involvement in physical activity and active recreation in sport. We need the continued support of the volunteers in our sport and recreation community, and I thank them for their invaluable contribution. I would like to also thank the key stakeholders, in particular Sport SA and Recreation SA, for their hard work and support to government on key and emerging issues. The commitment and dedication extended to the government by recreation and sporting industry stakeholders has ensured that community outcomes are strengthened and sustainable, reflective of a true partnership approach. I look forward to our continued relationship.

Dr McFETRIDGE: I would like to say what a pleasure it is to have the shadow portfolio of sport and recreation. The opportunities are tremendous for all South Australians. We know that sport and recreation is an integral part of everyone's lifestyle and should be encouraged. As the minister has just said in his opening statement, this is something that not only the government but all members of parliament would be quite bipartisan in encouraging. I thank the officers of the Office for Recreation and Sport and the minister for his cooperation in allowing me to get a bit of a grip on what is going on in the rapidly advancing areas of recreation and sport. Phil and Jenny have been very helpful there and I thank them for that. The members and executive of Recreation SA and Sport SA have been very good, as have many other sporting organisations, and I am thoroughly enjoying this portfolio.

We recognise the fact that, this year with the Olympics, there is a huge focus on sport, not only just locally but internationally. The Commonwealth Games are coming up and South Australia will be hosting the Police and Emergency Services Games, the third biggest sporting event in the world, in 2007. So we have a lot to look forward to and some questions will be asked. Today my main aim will be to seek

clarification and explanation rather than confrontation, as it should be in areas like this where we can all go forward, because we all want the best for the community.

I refer to Budget Paper 3, page 4.18. Have the criteria changed for the distribution of grants from gaming revenue that is distributed to sport and recreation groups under the Community Recreation and Sports Facilities Program?

The Hon. M.J. WRIGHT: With the fund that you referred to, the Community Recreation and Sports Facilities Program, there have been some changes as a result of the review process. I will summarise those for you. Perhaps to put this in context, one of the things that we said in the lead-up to the last election was that we would do a review of all our grant funding. The reason that we thought that was important was because we wanted to ensure, right through our grant funding, that we were achieving the best possible outcomes and that we had the right criteria. A committee was put in place and, to the best of my memory, Sport SA and Recreation SA joined us in being a part of that review process of all the grant funding.

In a general sense they made recommendations to me. I accepted most of them, but not all of them and one I will draw to your attention in a moment in regard to this fund. That is just the general process we pursued in regard to all of the grant funding. With this program you asked about—community recreation sports facilities programs—if there is anything to add we would be happy to do so. I have just been reminded that in regard to that program it was recommended to me that the program principle be changed to read, ‘to ensure the provision of sustainable facilities that meet community needs’. I accepted that recommendation.

It was also recommended to me that the maximum funding amount for regional level facilities be increased to \$500 000. I accepted that recommendation in part. I thought \$500 000 was a bit high and was concerned that, if it was at that level, obviously there is only a certain amount of money to go around, irrespective of who is in government. So, I did not accept that in its entirety. Ultimately, we increased the level of funding to \$300 000, which is the maximum. I think under the previous government it may have been \$150 000, so there is a tweaking there. How many get the \$300 000 will depend on the quality of the application, but I guess my thinking in that regard was that if something were outstanding it would be a pity that through a ceiling of \$150 000 it was not able to go ahead, particularly if it was of significance and importance for a regional area, and that does not just refer to country areas.

It was recommended that an annual fixed application period be introduced, and that was accepted. It was recommended that the project eligibility criteria be broadened to include the funding of feasibility studies, and that was accepted. I thought that was important. This is formalising that. The former minister may be able to advise on this. I am not saying necessarily that it could not occur previously, but we have formalised that, because I could see its importance and it may well be that organisations need to do a feasibility study before going to the next step of coming forward with a worthwhile application to this fund. So, it is a worthwhile recommendation and has been accepted. The existing assessment criteria being amended to include the use of appropriate socioeconomic indicators when assessing the need for the project within the community was accepted as well.

They are all important, but the critical ones were the lifting of the maximum amount of funding that could be

received under this and the inclusion of a feasibility study. We have also tried with the grant funding to give some certainty to the organisation so that each year, whether it be this fund or all our other funding programs, generally speaking we go out at the same time every year so that organisations in the sporting and recreational community are aware that at this time of the year that program will be called for. We will have certainty throughout the calendar year for all of our programs in the future.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 3.22, about half way down. Why is the actual amount for 2002-03 of \$424 000, the estimated result for 2003-04 of \$200 000 and the budgeted amount for 2004-05 of \$200 000 to be recouped from recreation and sport funds? Where will these recouped funds be spent?

The Hon. M.J. WRIGHT: These are in Treasury papers, so to do that question justice I will take it on notice and get that detail for the member. I cannot be certain, because it is in the Treasury papers, what they are referring to, but I am happy to check that detail. We can get back to the honourable member pretty quickly on that issue.

Dr McFETRIDGE: I refer to Budget Paper 5 and Capital Investment Statement in Budget Paper 6, pages 20 and 14. The amount of \$788 000 for 2004-05 has been allocated to conclude the recreational trails program, and \$595 000 has been proposed to be expended in 2004-05 on maintenance and upgrading under the annual program. Will this annual program for maintenance be continued in future years, or will it also come to an end at the end of this year?

The Hon. M.J. WRIGHT: My advice is that the recreational trails budget for 2004-05 is \$1.383 million. This is the final allocation of funding from the \$6.2 million allocation. In relation to the amounts referred to by the member, this comprises \$595 000 carryover from the 2002-03 financial year, and that was one of the figures to which I believe the honourable member referred. The amount of \$788 000 is to reinstate the budget allocation to the \$6.2 million. During the 2000-01 budget, a carryover of \$788 000 was not sought by the Department for Environment and Heritage. Obviously, what we have done and have been successful in doing is to ensure that that money has been put back into our programs. In relation to the final part of the member’s question, if and when additional money may be required (and it may well be required), we would need to bid for that as part of the bilateral process.

The Hon. D.C. KOTZ: I refer to Budget Paper 4, Volume 2, page 6.18. It appears that the retail outlets at the Hindmarsh Soccer Stadium have been taken over by the Office for Recreation and Sport, operating under commercial licence, to provide the perennial pies, pasties, chips and hot dogs in all public areas. Why is a government department competing with private enterprise on a commercial level? Did the commercial licence go out to tender? Is Hindmarsh stadium the only stadium under government ownership where government is now competing with private enterprise?

The Hon. M.J. WRIGHT: I hope I have all the information the honourable member requested. If I do not, I invite her to ask a supplementary question. My advice is that the original contract lapsed; the contractor withdrew its services and the government did take over the responsibility for catering. I guess that part of the rationale for that—and I can go into greater detail if it is required—is that in a general sense it is part of the cross-subsidisation of Hindmarsh stadium. Whatever profit is made is used for cross-subsidisation of other areas of the stadium.

There are other examples. In relation to The Pines, we have been requested to do the catering there for 12 months. Also, at the Superdrome we are involved in the catering. To the best of my knowledge, they are the stadiums where we are involved in the catering.

The Hon. D.C. KOTZ: I have a supplementary question. Does that mean that you and the department intend to put out tenders for these facilities? Are you and the Office for Recreation and Sport happy to continue to provide the catering services?

The Hon. M.J. WRIGHT: First, I will deal with The Pines because, as a result of the request made by Hockey SA for us to do that on a trial for 12 months, we will need to see how the trial goes. In relation to Hindmarsh stadium (in which I suspect the honourable member is more interested), there is no intention to go to tender for the general catering. As I said, the rationale behind that is because we use that as part of the cross-subsidisation of the stadium. However, we do intend to go out to tender for the corporate catering. That will occur this year.

The Hon. D.C. KOTZ: In relation to Santos Stadium, the previously appointed board of Santos Stadium has now been dissolved. I believe that top level officers from the Office for Recreation and Sport have taken over the role of the board, as well as the management and operation of the total facility. Will the minister explain the reason for the board's demise and advise the current total cost to government since the takeover by the Office for Recreation and Sport in its management role, including the savings that have been achieved?

The Hon. M.J. WRIGHT: I will be happy to get some additional detail for the honourable member, because she has said off the microphone that she is aware of the background but more aware of the current circumstances. The honourable member would be aware that a review was undertaken looking at both the structure of the board and board fees. The other thing that is worth pointing out is that this government has a broad policy in regard to boards and that, if it is deemed that a board is unnecessary, it is government policy to do away with it. So, there is no government board in place. I am not sure whether the honourable member referred to one as such or asked whether that was in existence.

This is now managed by the Office for Recreation and Sport working closely with Athletics SA. I do not remember precisely, but board fees were around \$50 000 in total when it was structured as a PCA. In regard to the specifics, I have given the honourable member some answer to our thinking in regard to the board's demise, but the honourable member also asked about cost and savings. There needs to be a follow-up to get that type of detail for the honourable member, which I will do.

The Hon. D.C. KOTZ: I appreciate that. I do have all the FOI documentation on this, so the question on notice is probably the better way to go without having the detail. The final question I would ask relates again to Budget Paper No. 4, Volume 2, page 6.18. It is noted that employee expenses have been reduced quite considerably from some \$6.135 million in 2002-03 to \$4.879 million in 2004-05. Supplies and services expenses have also been reduced by \$8.328 million in 2002-03 to \$5.884 million in 2004-05. Will the minister advise how many full-time employees that represents cut from the Office for Recreation and Sport and has the cut in employee numbers affected the delivery of any services from the department, particularly in areas where insufficient

employee numbers may have delayed processing of grant applications?

Perhaps the minister could take this on notice as well. This is getting quite ridiculous: time has gone while no advisers are offering any information to us or to the minister. It is taking longer to give advice to the minister than it is to ask the question and get the answer.

The Hon. M.J. WRIGHT: I would have thought that the former minister would be very pleased that she has been able to ask additional questions besides the three that the member for Morphett asked before it went across to the government side.

The Hon. D.C. KOTZ: It has nothing to do with getting the answers. It is getting the time lines you have set.

The Hon. M.J. WRIGHT: If you did not interrupt, and if you were not so rude on a regular basis, you would probably have had the answers before now.

The CHAIR: Order!

The Hon. D.C. KOTZ: I doubt it—you do not seem to know.

The Hon. M.J. WRIGHT: I would have thought that now you have been sacked as a shadow minister you would have shown better manners.

The Hon. D.C. KOTZ: You can be as rude as you like, just get your job done. If you knew your portfolio you would not have had to wait 10 minutes for an adviser to give inadequate information.

The Hon. M.J. WRIGHT: It is probably why Rob Kerin sacked you.

The CHAIR: Order! Minister, would you answer the question.

The Hon. M.J. WRIGHT: The advice that I have received is that in regard to the processing of grant applications there has not been a reduction in staff. I am not sure what happened under the former minister's stewardship, but I do not need to remind her that this government has ensured not only that that work is done expeditiously but also that when the Office for Recreation and Sport completes its work all the grant funding applications are signed off within 48 hours once they reach me. The other advice I have received is that there has not been a cut in the provision of services in the Office for Recreation and Sport. In regard to the specific detail that the member asked for relating to the numbers she cites on page 6.18, I am happy to get that detail for her.

Ms CICCARELLO: I refer to Budget Paper 4, page 6.6, and I guess that, given our inactivity in here this morning, I would be very interested in the answer. What is the government doing to address the declining physical activity levels of South Australians?

The Hon. M.J. WRIGHT: I thank the member for Norwood for her question. This is certainly one area we are very ambitious about, and we have committed \$1.5 million over the next four years to support the implementation of the state physical activity strategy, which is aimed at increasing levels of physical activity for all South Australians. This commitment follows a significant amount of work undertaken by the Ministerial Physical Activity Forum, the Physical Activity Council, government agencies, industry stakeholders and the community. In February 2003 cabinet approved the formation of the Ministerial Physical Activity Forum, comprising the ministers responsible for recreation and sport, health, transport, education, tourism, planning and local government. The Ministerial Physical Activity Forum will focus on the delivery of a coordinated across-government

approach to the promotion of physical activity and healthy lifestyles for all South Australians.

The inaugural meeting of the forum was conducted in May 2003, and the following recommendations were the major outcomes from that first meeting:

- The creation of a Physical Activity Council;
- The development of the state physical activity strategy; and
- The use of Be Active as the whole of government physical activity message.

The Physical Activity Council was created to provide expert advice to the Ministerial Physical Activity Forum and to lead the development, implementation, evaluation and review of a state physical activity strategy on behalf of the Ministerial Physical Activity Forum. The Physical Activity Council was announced in August 2003 after a statewide call for nominations. The council was comprised of 13 members: six government representatives from the relative portfolios, six community members and one representative from the Local Government Association.

The development of a state physical activity strategy will provide a framework to ensure a coordinated and strategic approach to the promotion of increased physical activity throughout South Australia. A draft strategy was released to the community in February 2004 for their feedback and input. A final draft is currently being developed by the Physical Activity Council for consideration by the Ministerial Physical Activity Forum in July this year. The Be Active campaign was also launched in August 2003 and was aimed at increasing physical activity opportunities and awareness in the community. Since its launch, the message has been promoted through a range of projects and programs including the Royal Adelaide Show, the Tour Down Under, after-school sport centres, the International Pedal Prix, and a range of other initiatives.

The government's focus on the delivery of a coordinated across-government approach to the promotion of physical activity and healthy lifestyles for the entire community will help ensure that available resources are used effectively to achieve positive outcomes for all South Australians. We are confident that we now have a large part of the infrastructure in place and now, of course, that is going to be backed by money in the budget to actually go out and deliver the policy outcomes that we think are so critical to making sure that all South Australians, one way or another, are involved in regular physical activity.

The Be Active message is being received well. The fact that it is now being used by whole of government as the physical activity message is, I think, an important step in the right direction, and we will see the benefits of that. Hopefully, that will be picked up by the broader community as well. We can no longer allow this type of activity to be fragmented in government, and there should be leadership by government not just working closely with the stakeholders in the sporting and recreation community and also, of course, with the broad population. We are confident that we can make a difference; we need to be able to make a difference, and we look forward to doing so.

Ms CICCARELLO: I refer to Budget Paper 4, Volume 2, sub-program 5.1, page 6.19. What changes have been made to the statewide enhancement program and how will this improve recreation and sport outcomes for the South Australian community?

The Hon. M.J. WRIGHT: I thank the member for her question. Earlier, the member for Morphet referred to the

community recreation and sports facilities program and what changes had occurred to that program. In a similar fashion to what I described from an overarching point of view, there have also been recommendations put forward about the statewide enhancement program. That was previously known as the management and development program, but we have got much more than simply a name change.

The name change is important, but more importantly are the criteria to be used to ensure we get the best outcomes for the important money made available for this particular program. As part of the total review of the effectiveness of all grant programs managed by the Office for Recreation and Sport, significant changes have now been made to the statewide enhancement program. Changes have been implemented in collaboration with the sport and recreation industry. I think it is important with all of this grant funding that we have not simply made to changes in isolation. As I previously acknowledged, Sport SA and Recreation SA have been at the forefront of being involved by participating in the committee, and they have come forward with these recommendations. We think that the sporting and recreation community will very quickly adopt these new recommendations; in fact, we are starting to see the results of this already.

In order to maximise the impact that this valuable funding program has on the industry the statewide enhancement program has been divided into three streams. The traditional service providers of active recreation and sport, state sporting and recreation organisations and industry representative bodies will have the opportunity to access funding under stream 1 of the statewide enhancement program. Funding under this stream may be provided for up to three years for core business activities as detailed in the organisation's strategic plan. This will allow successful organisations to confidently plan for the future. We were told very strongly, through the review process, that organisations want certainty with regard to their funding. By picking up this recommendation and putting it on a three-year provision, it will provide greater certainty for those key organisations.

Within stream 1 there will be four separate categories for state sporting and recreation organisations. Primarily, that will be based on size and function. The four separate categories, for example, relate to groups up to \$20 000; the next group is between \$20 000 and \$50 000; the third group is between \$50 000 and \$100 000; and above that it is beyond \$100 000. Groups have been put into categories largely based on their size and function, and will fit within those bands to which I referred. Of course, an organisation may be reassessed for its band as a result of the activity that it displays over a three-year period.

Within stream 2, eligible organisations will be able to apply for innovative or significant projects that address strategic areas such as participation initiatives, sporting excellence, management improvement, best practice models and other initiatives that result in the delivery of significant outcomes in terms of participation and service program delivery. Within stream 3, there will be the capacity to seek expressions of interest in relation to targeted initiatives identified as areas of need for the delivery of active recreation and sport services or programs. These projects will be developed into project briefs and may be subject to a tender process. It is anticipated that this will occur in August 2004. Similar to previous years, there will be contractual obligations for all funded organisations that will include the promotion of the government's health messages.

The Office for Recreation and Sport will continue to work in partnership with Health Promotion SA to determine and assist clients in meeting their health promotion obligations. To ensure a smooth as possible transition to the new look funding program, a series of education workshops have been conducted to inform the industry on all aspects of the 2004-05 statewide enhancement program. These sessions were an integral component in the process for successful implementation and acceptance by the sport and recreation industry.

Applications for the 2004-05 statewide enhancement program closed on 16 April and are currently being assessed; that is for streams 1 and 2. Once that is decided, the office will be in a better position to make some assessment for the potential to go out to stream 3 later in the year. I anticipate that the successful organisations will be notified by the end of this month. I am excited by the changes to the statewide enhancement program as I believe the three streams will support and assist active recreation, sport and industry bodies as well as other organisations to deliver active recreation and sport programs more broadly to the South Australian community. These changes will deliver better outcomes. I would like to acknowledge and thank, in particular, Sport SA and Recreation SA who have been involved in this process and who, I think, will continue to play a very important role in making sure that the broad community in this important sector will, of course, be able to pick up and move with the new program very quickly.

Ms CICCARELLO: My third question is from the same Budget Paper. What contribution has the government made to the community-based sport and recreation clubs from funds available through the Active Club Program?

The Hon. M.J. WRIGHT: The government, through the Active Club program grants, has, again, made a significant contribution to our community clubs. Obviously, all members would very much like to thank their sporting and recreation communities for their involvement. Following an extensive review of the grant programs, the Active Club Program will continue to assist local communities to offer the best possible opportunities for their local groups. The Active Club Program budget was recently increased by \$470 000, to a total of \$2 350 000 per annum to be distributed between the 47 House of Assembly electorates. This will mean a nominal \$50 000 will be available each year. That, of course, is an increase on what was previously a nominal \$40 000 for each electorate.

I encourage all members to make sure that their electorate makes the best use of it because, of course, if they do not it will go to another electorate. It is important that the Office for Recreation and Sport plays a critical role (and it is doing that), and we also need to take responsibility in our own electorates to make sure that our local community sporting and recreational clubs are encouraged to apply for this money.

The first round of the 2003-04 financial year Active Club Program opened on 29 November and closed in January 2004. A total of 254 organisations have been funded from this round for grants for projects ranging from equipment to minor works such as lighting and irrigation. The second round of Active Club grants is currently in progress. It closed on 11 June this year.

The ACTING CHAIRMAN (Mr Rau): The period is concluded for consideration of the Office for Recreation and Sport. We now move to the portfolio of the Minister for Gambling.

Department of Treasury and Finance, \$41 708 000
Administered Items for the Department of Treasury and Finance, \$1 088 661 000
Independent Gambling Authority, \$1 362 000

Membership:

Mr Brokenshire substituted for Dr McFetridge.
Mr Brindal substituted for the Hon. D.C. Kotz.

Departmental Advisers:

Mr B. Pryor, Liquor and Gambling Commissioner, Office of the Liquor and Gambling Commissioner.

Mr D. Hassam, Deputy Commissioner of Gambling, Office of the Liquor and Gambling Commissioner.

Mr D. Reynolds, Director, Gambling Policy, Department of Treasury and Finance.

Mr R. Chappell, Director, Independent Gambling Authority.

Ms J. Dunstan, Ministerial Adviser, Department of Administrative and Information Services.

The CHAIR: We are now dealing with Treasury and Finance, the Minister for Gambling. I declare the proposed payments reopen for examination and refer members to the Budget Statement, appendix C, page C2 and the Portfolio Statements, Volume 1, Part 3 and, in particular, pages 3.1 to 3.5 and 3.15 and 3.16. We are also dealing with Treasury and Finance, the Minister for Gambling, Independent Gambling Authority. I declare the proposed payments open for examination and I refer members to the Budget Statement, appendix C, page C2 and Portfolio Statements, Volume 1, Part 3, in particular, pages 3.28 and 3.29. Does the minister wish to make a brief statement?

The Hon. M.J. WRIGHT: Yes. I wish to make only a very brief statement because of the time available. The government recognises the importance of maintaining a sustainable industry. Obviously, we also take seriously our responsibility in respect of all gambling activities. We have gone about the important area of problem gambling with a multifaceted approach, which includes advertising, responsible gambling codes of practice, the proposal to reduce the number of gaming machines and the family protection order scheme, which has gone through the parliament. There are other measures, but I will not mention them at this stage.

In the 2004-05 budget the government has taken further measures to assist problem gamblers to access necessary support services. In this budget the government has increased its contribution to the Gamblers Rehabilitation Fund by \$395 000 per annum. That sum is made up of \$350 000 plus \$45 000 in indexation, which takes the government's contribution to this fund to \$2.195 million per annum since being elected to office. This has increased the government's contribution to the fund by 174 per cent. Also for the first time the government's contribution to the fund is to be indexed to enable service levels to be maintained. The additional \$350 000 is for a matched funding program with hotel and club gaming venues to provide for counsellors to periodically visit large gaming machine venues. This will provide an additional mechanism for early identification and assistance to problem gamblers. I will stop at this point because of the time available.

The CHAIR: Does the member for Mawson have an opening statement?

Mr BROKENSHERE: No, I do not have an opening statement. Can the minister rule out any initiatives or

directions to bring a closer alignment between the Liquor and Gambling Commissioner and that statutory office with the Independent Gambling Authority, particularly to the point where the Independent Gambling Authority may have the potential for overarching management and control of a number of sections of that and, effectively, bringing the Liquor and Gambling Commission into more of a specific policing role?

The Hon. M.J. WRIGHT: There is no intention to do so, other than the legislation that is currently before the parliament. I am not sure whether the member for Mawson has a particular example in mind that he may wish to share with me. I do not really understand the thrust of the question. I do not know whether there is any particular aspect that he is concerned about.

Mr BROKENSHIRE: Given that you are not aware of it, that makes me happier, anyway. As shadow minister, moving around the industry, it has been expressed to me from different sectors of the industry that there is discussion. This may simply be rumour but it is important in estimates to get it on the public record that it is simply rumour. The suggestion is that there may be moves afoot to bring a closer alignment between the Liquor and Gambling Commissioner's office and that of the IGA, to the point where the IGA may play a more dominant role. The opposition has enormous confidence in the way that the Liquor and Gambling Commissioner and his staff work, and we see it as crucial in the interests of well-managed gambling activities that there is independence between those two agencies.

The Hon. M.J. WRIGHT: I support what the member for Mawson is saying. I am not too sure what, who or how this is being talked about in the industry. I know that in the short time that I have been the minister—and I do not say this disparagingly—I have had a lot of meetings with various sectors of the industry because of the government's legislation to take 3 000 machines out of the system. I appreciate the industry's concerns in regard to that. To the best of my knowledge, that has not been raised with me by any individual and/or group that has come before me. I do not think that is wrong and David, and probably others, have been at all those meetings with me. I am pretty sure that is right but if someone comes forward and says the opposite I stand to be corrected.

The member for Mawson, the shadow minister, has made some good points, which the government supports strongly. These rumours about a closer alignment and the potential for the Liquor and Gambling Commissioner to lose his independence simply would not be the case. The Liquor and Gambling Commissioner is responsible for providing constant scrutiny of licences, and he will continue to do so.

Mr BROKENSHIRE: That is the answer I wanted. It is interesting to note that sometimes you do not receive the rumours or the comments when you are minister that you do when you are shadow minister. That is what I discovered. I turn now to the IGA. Our government set up the IGA and I acknowledge the hard work of the Director, Robert Chappell, who is in the chamber now, and his staff. The IGA has now been going for probably close to four years, from memory. It was groundbreaking work to develop the IGA and to bring in the first minister for gambling, and so on. Time has moved on. When I look at budget lines, when I look at work loads and when I look at the structure of the IGA, many of my colleagues feel that probably it would be healthy to have an evaluation or perhaps a reassessment of where the IGA is at and its role in the future. I seek comment from you as to

whether or not you would support such a valuation, review or inquiry into the role, functions and operations of the IGA and whether you would support an assessment of that in a bipartisan way.

The Hon. M.J. WRIGHT: I suspect that on this occasion the minister and the shadow minister may be hearing the same things from the industry because what the industry is telling me is that John Olsen should never have established the IGA. What I am saying to the industry is, 'No, that is not correct.' I think that the IGA does have an important role to play.

The industry needs to work closely with the IGA. I would encourage the IGA to work closely with industry as well. The IGA was established on 1 October 2001, so it has probably been going for over 2½ years at this stage. I would have thought that that was too early to do a reassessment or evaluation of it. It is still involved in massive reform of the industry. I have tried—and I suspect the former minister would also have tried—to bring all parties together.

That does not mean that there will not be a robust debate or disagreement, but I have encouraged the major stakeholders, when they have come to me and put a proposition as a result of the recommendations of the IGA, to go back and test their ideas with the IGA, to go back and put themselves under the microscope, put their argument to the IGA and see what it does as a result of their going to it and making their case. In fairness to the hotel industry, it has been doing that, and I give it credit for so doing: it deserves such credit. Since I became the minister I have met with the Hotels Association on at least four occasions. On one of those occasions the Premier was present. I think on every one of those four occasions the Treasurer attended with me. We have been having a robust debate, but the shadow minister would also have heard that the Hotels Association is approaching this with some maturity. It does not agree with all that government has put forward, but nonetheless if we have a mature debate we can work through the legislation before the parliament.

Mr BROKENSHIRE: The budget line for the Independent Gambling Authority, which had an estimate for spending of \$1.362 million and came in at \$1.439 million, looks like spending about \$80 000 more in 2003–04 than in the 2004–05 budget. Does the minister feel the budget is adequate, given what appears to be a broadening of the workload put upon the IGA? Is the minister confident that the IGA is resourced properly when it comes to human resources?

The Hon. M.J. WRIGHT: Yes, I do, because I am sure the IGA would approach me if it wanted additional money. It has not done so. In addition to meeting with the industry on several occasions, I have either met directly or discussed on the telephone on a semi-regular basis issues with the Presiding Member of the IGA. People would be aware that Mr Stephen Howells is not shrinking violet and, if he thought it was important that additional resources be made available to the IGA, he would ask me for such.

Mr BROKENSHIRE: By way of supplementary question, can the minister advise how much it cost to run the board of the IGA per annum and whether the Presiding Member takes a sitting fee, be it global or per sitting? What are the costs of flying over the Presiding Member and housing him here while doing his work?

The Hon. M.J. WRIGHT: I thank the shadow minister for his question. I will need to take it on notice as some detail is required, but we can get that information for him. It is worth making the point that the presiding officer, Stephen

Howells, has made a conscious decision that on some occasions, whether it be for flights and/or accommodation, he would pay for himself. He has not done it on all occasions, but he has done it, depending on the nature of the business. With regard to the specific detail, we will obtain it for the honourable member.

Mr BROKENSHERE: It is not a personal attack on him but simply the parliament wanting to know what are the costs.

Ms CICCARELLO: I refer to Budget Paper 4, Volume 1, page 3.29 and to the proposed budget for the Independent Gambling Authority. Does this amount include provision for administration of the problem gambling family protection order scheme, and how will the scheme work?

The Hon. M.J. WRIGHT: The member for Norwood is undoubtedly not only the most popular member in this estimates committee but in the parliament and, once again, she shows her popularity.

Mr BRINDAL: She is a legend in her own lifetime!

The Hon. M.J. WRIGHT: A legend in her own right! I thank the member for her very good question. The scheme will come into effect on 1 July 2004. Families will initially apply for relief to the Independent Gambling Authority for a problem gambling family protection order. Extensive guidance on the kinds of conditions that might be placed on an order to ameliorate the harm caused by a problem gambler's behaviour will be provided to assist families, and priority will generally be given to counselling, mediation and rehabilitation.

A key feature of the problem gambling family protection order scheme is that families can apply for an order without fear of the problem gambler incurring criminal sanctions. Breaches of orders will be referred to the Chief Magistrate for hearing and determination. Importantly, the Chief Magistrate will use processes known as 'diversionary management'. This means that breaches of the code could be dealt with by, for example, banning the gambler from attending gambling venues. The scheme was developed at the government's request by the Independent Gambling Authority in consultation with the industry, including the Australian Hotels Association and the Christian churches gambling task force.

Mr BROKENSHERE: How many people have applied for family protection orders, and how many have been granted?

The Hon. M.J. WRIGHT: I am an old mate of the member for Mawson from way back, but on this occasion I point out to him, and to other members, what I said just a moment ago: the scheme will come into effect from 1 July 2004. As you, I and everyone else knows that means it is not possible for any to have been—

Mr BROKENSHERE: What about expressions of interest?

The Hon. M.J. WRIGHT: Is that a supplementary to your supplementary question?

Ms CICCARELLO: I refer to Budget Paper 3, page 2.14. How will the gambling intervention strategy work?

The Hon. M.J. WRIGHT: Another very important and probing question from my favourite member. Budget Paper 3, page 2.14 shows that in 2004-05 the government will increase its contribution to the Gamblers Rehabilitation Fund by an additional \$350 000 per annum. This contribution by the government is to be matched by hotel and club gaming machine licensees to support early intervention strategies for problem gamblers. I will write to the Australian Hotels Association and the Licensed Clubs Association seeking their commitment to fund this initiative jointly. I am advised that

this type of early intervention approach is consistent with existing problem gambling strategies. It is also consistent with the direction of the Independent Gambling Authority's mandatory codes of practice with respect to venues identifying problem gamblers and establishing relationships with counselling agencies.

While the detailed implementation of this proposal is the subject of advice from the GRF adviser committee, and approval by the Minister for Families and Communities, this measure could result in the employment of up to another 10 gambling counsellors and will provide another opportunity for problem gamblers to access counselling services, particularly those who may not be inclined to use telephone services or who are apprehensive about approaching counsellors. A key feature of the initiative is for counsellors to attend large gaming machine venues periodically (approximately a half day a month) to assist problem gamblers.

Ms CICCARELLO: I refer to Budget Paper 4, Volume 1, page 3.29. What is the current work program of the Independent Gambling Authority?

The Hon. M.J. WRIGHT: I refer the member to the gambling codes of practice and the information booklet due to be issued under the family protection order scheme. In conclusion, the Independent Gambling Authority will also continue its important ongoing functions of regulatory control and oversight of the gambling industry, as well as voluntary barring processes and the hearing of appeals.

The CHAIR: The examination of the proposed payments, Minister for Gambling, Department of Treasury and Finance and administered items for the Department of Treasury and Finance, is suspended until 23 June. The time allocated for examination of this line having expired, I declare the examination completed.

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

Membership:

The Hon. I.F. Evans substituted for Mr Brokenshere.

Additional Departmental Advisers:

Ms M. Paterson, Executive Director, Workplace Services.

Mr E. Brooks, Executive Director, Public Sector Work Place Relations.

Mr M. Ats, Ministerial Adviser, Minister for Administrative Services.

The CHAIR: We have a quite significant change in arrangements now. I have not read the statement all day, so I will read it now. The estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of proposed payments to facilitate a changeover of departmental advisers. The minister and the lead speaker for the opposition are still agreed on the timetable for the rest the day. Changes to committee membership will be notified as they occur. Members should ensure 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 time to make opening statements of about 10 minutes each.

There will be a flexible approach to giving the call to ask 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 at the discretion of the chair may ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*.

There is no formal facility for the tabling of documents before the committee. However, documents can be supplied to the chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as that which applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response. We do not need to advise about filming.

Mr BRINDAL: Given that you have ruled that the minister must answer questions by 23 July, do I take it that any minister who does not answer a question by 23 July is guilty of a contempt of a committee of this parliament?

The CHAIR: It would be a matter for the house to deal with by substantive motion. The lines relevant to this afternoon are already open. Minister, do you propose to make an opening statement?

The Hon. M.J. WRIGHT: Yes. For budget reporting purposes, the Department for Administrative and Information Services has four distinct entities under the industrial relations portfolio: Workplace Services, Public Sector Work Force Relations, the Industrial Court and Commission (together with the Workers' Compensation Tribunal) and the Office of the Employee Ombudsman. Of these areas, in budget terms Workplace Services is the largest. In the 2003-04 budget the government delivered an initiative that was probably the biggest change that Workplace Services has experienced. That change was the injection of about an extra \$2.5 million in 2003-04, which rises to an extra \$3.5 million from 2004-05 on an ongoing basis. The major initiative by the government has delivered about a 50 per cent increase in the number of occupational health and safety inspectors.

I do recognise the funding increase provided by the former government shortly before its losing office, but real investment in the occupational health and safety inspectorate was long overdue, and the level of investment in the inspectorate by the former government was simply inadequate. As well as increasing the number of inspectors on the ground, the government's major injection of funding for occupational health and safety has been carefully targeted to recruit people with the technical skills that are required to really grapple with major workplace safety issues. As part of this major government initiative, we have been able to recruit people with skills in mechanical engineering, occupational hygiene, electrical engineering, chemistry, civil engineering, ergonomics, and chemical engineering. Sadly, when we came to government these skills were missing and, of course, appropriate technical expertise is a must in a modern occupational health and safety inspectorate.

Employing a fully qualified occupational hygienist will make a major contribution to our capacity to address a number of occupational health and safety issues but, very importantly, the work of the mineral fibres unit, which deals with asbestos issues, will benefit significantly from this initiative. I believe that adding a number of inspectors with varied scientific expertise to the team is also extremely important. Occupational diseases take a terrible toll on Australians. It is also extremely valuable to be able to provide

the funds for the recruitment of an electrical engineer, who was responsible for developing a statewide strategy to address the major risks associated with electrical hazards. The risks arising from electrical hazards are acute and they are a real concern across a range of industries.

Importantly, the occupational health and safety inspectorate has a multifaceted role. Its work takes in education and assistance and, of course, enforcement and compliance where necessary. Assisting businesses and workers to deal with the occupational health and safety issues that are relevant to their workplace is a critical part of the inspectorate's role. This increase is an essential element in assisting business to achieve better health and safety outcomes. It demonstrates to all South Australians just how serious we are about reducing workplace accidents, deaths and disease. The inspectors recruited as a result of the extra \$2.5 million provided this year and \$3.5 million on an ongoing basis completed their training earlier this month. They have all undergone the rigorous training requirements now expected of health and safety inspectors across Australia.

As some members may appreciate, the reason for the further \$1 million in 2004-05 and thereafter was to take account of the time required to recruit the extra inspectors. There was a significant process that led to the appointments, which included information sessions for potential applicants. By January of this year, almost all the appointments had been made and the training program commenced. The process that was put in place for the training included a series of formal training sessions as well as on the job experience through a 'buddy' system that was established with experienced occupational health and safety inspectors. That is an appropriate mix to try to make sure that the new recruits can hit the ground running.

Of course, as with new recruits in any area, I expect that it will take some time for the new inspectors to really hit their straps and perform to their fullest. And that is understandable. On 4 June (only a few weeks ago) I had the privilege of presenting the new inspectors with their official authorisations as inspectors under acts such as the Occupational Health, Safety and Welfare Act, the Dangerous Substances Act and the Petroleum Products Regulation Act. There was a real sense that the inspectors were extremely proud of their achievements and the prospect that in their work they could make a real difference.

Workplace Services also makes a contribution to public safety. Members would be aware of Workplace Services' role in relation to amusement structures and, in particular, show rides, which receive publicity from time to time. However, today I am able to announce a new initiative, one that is intended as a cooperative approach with business. Clearly, asbestos issues are a major concern to the community. Most people are aware that asbestos fibres can be deadly but, beyond that, knowledge can sometimes be limited. How many people in our community, if they encountered asbestos outside a work situation, would know what the rules are for dealing with it and who to contact about it? As with many of these issues, a major consideration is how to deliver the necessary information to the community in the most helpful way.

Clearly, one activity that has the potential to bring people into contact with asbestos is when they are undertaking improvements to their own homes. However, it is important to stress that there is no need for hysteria. Education is one of the keys to dealing with hazards like asbestos, and that is what this initiative is all about. As a pilot, to raise awareness

and to encourage other businesses to take part, we have entered a cooperative arrangement with the Bunnings Mile End store to help educate people who are undertaking home renovations about asbestos issues. Whilst it might seem simple, placing information about asbestos issues in hardware retailers makes good sense. With the cooperation of retailers, we can get a great value for money outcome.

Delivering information to South Australians when they are likely to think about how asbestos issues may affect them and their families is a great way to get the information out there. Later this week I will be launching the initiative and we will be working with the industry to get other retailers on board. Another great way of getting the message of safe work practices out to the community is Safe Work Week, which is taking place right now. The changes the government has made are significant, but improving workplace health and safety requires involvement and commitment from everyone. We all know the importance of occupational health and safety. The government is committed to safer workplaces. We want to make sure that South Australians go home from work safe and well.

I will also make some brief opening comments in relation to Public Sector Work Force Relations which, as members may be aware, was previously part of the Department of the Premier and Cabinet. The main role of Public Sector Work Force Relations is to provide employee relations and occupational health and injury management services to the South Australian public sector. This is achieved by the provision of advisory and consultancy services to chief executives of government agencies and statutory authorities, and includes: industrial dispute management and resolution; tribunal and Industrial Commission advocacy; undertaking negotiations on behalf of government with unions and employees in relation to employment matters; and promoting of strategic initiatives to foster a public sector safety culture, including the development of agency workplace safety management plans.

Public Sector Work Force Relations' industrial relations branch is working towards fair wages and conditions outcomes for public sector employment groups. Since the government came to office, Public Sector Work Force Relations has successfully led the negotiation of enterprise bargaining agreements with employee groups such as firefighters, teachers and doctors. Enterprise bargaining negotiations for many major employment groups have already begun or are due to begin soon. For example, an in-principle agreement has been reached with the nurses; negotiations are ongoing for salaried, weekly paid and federal agreement employees; formal negotiations have begun with the police; and negotiations with the firefighters and teachers are expected to begin again in the coming months, the firefighters from July of this year and the teachers from October. The government, through its professional negotiators in public sector work force relations, will continue to work to deliver fair outcomes for our employees and all South Australians.

The CHAIR: Does the member for Davenport wish to make a statement?

The Hon. I.F. EVANS: No, other than to thank our guest speaker.

The CHAIR: We will proceed to questions.

The Hon. I.F. EVANS: In relation to page 6.6 of Budget Paper 4, Volume 2, why have the working days lost per 1 000 employees in South Australia risen by 300 per cent in the last 12 months? It is under your general duty as Minister for

Industrial Relations. You are the government spokesman in relation to industrial relations matters, so the question is—

The Hon. M.J. WRIGHT: Thank you; I appreciate that.

The Hon. I.F. EVANS: So, I am asking you: why have working days lost per 1 000 employees in South Australia risen by 300 per cent in the last 12 months? In June 2003 the figure was 2.1 days lost per 1 000 employees and in March 2004 the figure is 8.1 days lost per 1 000 employees.

The Hon. M.J. WRIGHT: The reason I was looking at you inquisitively was to check the page reference of 6.6.

The Hon. I.F. EVANS: It is 6.5 or 6.6. It is just under your general duty.

The Hon. M.J. WRIGHT: Yes, but I want to refer to the figures that you are referring to.

The Hon. I.F. EVANS: The figures that I am referring to are not in the budget papers.

The Hon. M.J. WRIGHT: Oh—they are not. Thank you.

Ms CICCARELLO: Madam chair, is it in order to ask a question which is not indicated in the budget papers?

The CHAIR: Questions need to be referenced to the budget papers.

The Hon. M.J. WRIGHT: Unless you can give me clarification about the figures that you are referring to, I would need to take the detail of what you are asking on notice. The advice I have been given is that the latest figures from the Australian Bureau of Statistics show that the number of working days lost due to industrial disputes in South Australia for the 12 months ending December 2003 totalled 11 400. This is a slight increase from 10 500 for the 12 months ending December 2002. The number of working days lost per 1 000 employees in South Australia for the 12 months ending December 2003 totalled 19. This is a slight increase from 18 for the 12 months ending 2002.

South Australia is ranked third lowest of all states and territories, and the lowest of all mainland states, for working days lost per 1 000 employees. I presume you are referring to ABS figures. To the best of my knowledge, they do not differentiate between state and federal awards. Certainly, in coming back to you I would want to get some information, because it may well be that there is something happening here at a federal level that we should be made aware of. But I am happy to get that detail.

The Hon. I.F. EVANS: In relation to page 6.6, has the government undertaken an assessment of what the draft Fair Work Bill, if implemented, would cost the government?

The Hon. M.J. WRIGHT: I thank the shadow minister for his question. Some work has been done and, obviously, a range of options have been explored. Needless to say, in the process of consolidating a draft bill into a final bill that will come to the parliament, we will do further work. However, in essence, we would regard ourselves as good employers. In the main—not solely, I will certainly knowledge that—the Fair Work Bill relates to safety net issues, and I would expect that it would be rare for that to impact on government in terms of safety net issues.

The Hon. I.F. EVANS: Get your answer clear, minister. There has been a costing estimate done across government as to what the bill, if implemented, would cost government?

The Hon. M.J. WRIGHT: Some work has been done, and a range of options have been explored. Obviously, as I said, we have looked at what we do as a good employer. The emphasis of the Fair Work Bill relates to safety net issues, and we do not expect that they will impact upon government.

The Hon. I.F. EVANS: Outside of safety net issues, what will be the impact on government of the draft Fair Work Bill as it currently stands?

The Hon. M.J. WRIGHT: That will be consolidated as a result of going from a draft bill to a consolidated bill. As you know, we are taking very seriously the process of working through very carefully the 80 submissions, I think, that have been put to us. But, even as we speak now, I am still having key stakeholders coming to us and making representation specific to them, and that is a good thing. It would not be unfair to say that examples have been pointed out to us, certainly of a drafting nature, where we think we can tidy up the bill. Beyond that, there is obviously also some philosophical debate that centres on the bill. Further work will be done as we consolidate that bill into legislation that I will bring before the parliament.

The Hon. I.F. EVANS: Will the minister then, at the time of introducing the bill to the parliament, release that full assessment of the impact on government?

The Hon. M.J. WRIGHT: It would not normally be expected but, obviously, we will provide information in the course of the debate on the bill. I think those issues will become apparent as we debate the bill. I would be most surprised if I am not quizzed on a range of those as we go through the committee stage of the bill.

The Hon. I.F. EVANS: Has the Industrial Relations Commission been asked to cost the impact of the draft Fair Work Bill on the commission?

The Hon. M.J. WRIGHT: To the best of my knowledge we have not specifically asked the commission to cost that, but I will check that for the member to ensure the accuracy. I do not believe we have. Certainly, the commission has been consulted and it provided its views. Whether it be the Fair Work Bill or other factors such as the federal government, for example, wanting to assume greater responsibilities with unfair dismissal, you would expect that these types of things will have some impact upon the commission. As I said, I will check the detail. But, certainly, it has been consulted in the process that we have gone through for the Fair Work Bill.

Ms CICCARELLO: I refer to Budget Paper 4, Volume 2, page 6.14, and you flagged this issue in your opening statement. Can you provide further information about the initiative to educate people about asbestos issues in the context of doing work on their own homes?

The Hon. M.J. WRIGHT: I thank the member for the question. Yes, I did flag this in my opening address. We see this as a very important area, as I am sure all members of parliament do. The government is committed to ensuring that South Australians are aware of the dangers of asbestos products. I think we can all do more in that area.

We want to ensure that home renovators are informed about the safe identification, management and removal of asbestos. A new information booklet called 'Asbestos and the home renovator: a basic guide on what you need to know about asbestos' has been developed for widespread distribution. The booklet focuses on a range of issues associated with asbestos identification, removal and disposal. It also provides the home renovator with a number of useful contacts for advice and assistance covering all aspects of asbestos management, including links to organisations that can perform inspections and tests to identify the presence of asbestos in materials used on the home.

Whilst looking at the health risks associated with asbestos products found in domestic dwellings, the booklet explains that asbestos fibres can cause asbestosis, lung cancer and

mesothelioma. However, it points out that finding asbestos in your home does not immediately mean that there is a significant risk to your health. It explains that asbestos products, if left undisturbed, are not a significant health risk provided the material is in reasonable condition. If the asbestos fibres remain firmly bound in a solid matrix, generally the asbestos containing product does not need to be immediately removed.

The booklet also outlines that the primary health problems usually occur when people are unaware of the hazards of working with products that contain asbestos. The need to always work so that there is minimal release of dust or small particles from the asbestos containing material is highlighted, as asbestos becomes a health risk when large amounts of asbestos fibres are released into the air and inhaled. The booklet draws attention to the responsibilities and risks associated with asbestos removal, and the need for licensed removalists where large amounts of asbestos are required to be removed.

Advice is also provided on the clean-up and disposal process after asbestos is removed; in particular, the need for careful handling of asbestos products is emphasised. The need for the safe and legal disposal of all asbestos waste is discussed in the booklet. The need to ensure that asbestos waste is not in domestic garbage bins and compactors is also highlighted, as is the requirement to remove all asbestos waste from the site as soon as possible so that it is not damaged or scattered. The booklet points out that asbestos waste can be disposed of only in a manner and at a site approved by a local council or the Environment Protection Authority. Advice is also provided on the location of approved dumping sites.

This launch is part of the government's wide ranging program to improve community awareness about safe asbestos removal practices. Other initiatives that have already been undertaken include a series of information sessions with local councils across South Australia and the provision of information kits to members of parliament. The program also links to the government decision to support a nationwide ban from 31 December 2003 on the last commercially used form of asbestos, chrysotile asbestos. It can no longer be imported into Australia or used or sold in any product. All other forms of asbestos are already banned in South Australia. A further information program is also planned for motor parts and accessory stores later this year.

Ms CICCARELLO: I refer to Budget Paper 4, Volume 2, page 6.14. What steps have been taken by Workplace Services to address the number of accidents and deaths in the workplace due to poor electrical safety practices?

The Hon. M.J. WRIGHT: Workplace Services has identified electrical problems as one of the main hazards causing serious injury and death in workplaces in South Australia each year. A targeted compliance program was developed to increase occupational health and safety compliance and to ensure that risks on work sites were assessed and controlled. Ultimately, given that almost all workers in South Australia have some exposure to electrically powered machines and implements, the program should have a significant impact on occupational health and safety outcomes in South Australia. Currently, Workplace Services is actively involved in the promotion and implementation phases of the electrical safety strategy. A key part of the promotional strategy is to encourage a safety culture at workplaces focused on prevention. This strategy will be using industry specific forum sessions as a means to achieve a

target of zero fatalities associated with poor electrical practices.

Workplace Services is involved in promoting safety, prevention and compliance initiatives with the National Electrical and Communications Association through the 2004 roadshow. This program focuses on improved electrical safety culture, practices and compliance in the electrical installation and contracting fields. I am advised that this area was responsible for 80 per cent of the national workplace electrical fatalities that occurred over the past three years. I understand that, to date, over 130 people have attended these sessions, and the feedback indicates that the attendees appreciated the sharing of information and experiences. It is expected that a total of 1 200 people will be attending 14 evening sessions in metropolitan and country locations. The roadshow started on 11 May and ends on 30 June.

Another part of the strategy involves the Reaching Out program. This program will include safety forums with targeted industry groups including schools, aged care, retirement homes, manufacturing, construction and retail. Electrical hazards, safe practices and compliance issues related to the targeted industry sector will be covered. Workplace Services is currently in the logistics planning stage. An electrical safety booklet, risk assessment sheets and test record sheets were developed by Workplace Services in October 2003 to increase hazard awareness and to improve electrical safety in the workplace. Since the October 2003 rollout, more than 7 000 copies of the booklet and assessment sheets have been distributed to companies, incorporated bodies (which includes non-profit organisations) and industry representatives, such as the National Electrical and Communications Association. Distribution has occurred through Workplace Services field service teams and industry forums.

Workplace Services will also be presenting on electrical safety at Safe Work Week, which is being held this week. This presentation will target hazards linked to electrical shocks, electrical inspection and the testing of electrical plant items. The construction, utilities and telecommunications team at Workplace Services has undertaken a number of proactive audits of the construction industry, targeting electrical hazards on building sites. Electrical safety booklets and assessment sheets were specifically distributed to those involved in the electrical trade and to other trades involved in the domestic home building sectors.

I am advised that these audits have involved a total of 109 separate visits to commercial and residential sites and the issuing of 103 prohibition notices, predominantly relating to the lack of testing of electrical equipment. I am advised that 20 improvement notices were also issued during the audit program. The initial targeted audit involved the Office of the Technical Regulator in a successful cross government initiative to address poor electrical safety practices under both jurisdictions. Industry was informed of the outcomes of the audits through the safer industry committees, which contain representation from key industry stakeholders.

Ms CICCARELLO: I again refer to Budget Paper 4, Volume 2, page 6.14. What is the government doing to promote discussion by industry stakeholders about improving safety in the construction industry in South Australia?

The Hon. M.J. WRIGHT: The National Occupational Health and Safety Commission has identified the construction industry as being a priority high risk industry. A range of activities is under way across Australia in an effort to improve the injury and accident rates in some of the high risk areas within the sector. The Workplace Services construction

team has taken the initiative to establish a quarterly Foundations for Safety SA Forum specifically for industry stakeholders. The first forum will be held on 1 July this year.

The intention in creating this forum is to inform and empower industry members to ensure continuous improvement in the health and safety performance of the South Australian construction industry through the combined efforts of its member organisations. It will bring together the key stakeholders of the industry and provide valuable information on how Workplace Services will work with those in the industry to improve occupational health and safety. It will also provide an opportunity to discuss important global and strategic issues in relation to construction industry safety. This forum does not replace the purpose or intent of the safer industry committees and it is envisaged that these committees and the Foundations for Safety SA Forum will work closely together to ensure that safety in the construction industry is continually improved. The focus of the forum is to address specific issues relating to legislative compliance and the development and implementation of national standards, codes of practice and other national activities that Workplace Services coordinates.

The Hon. I.F. EVANS: I refer to page 6.17. Given that the draft fair work bill describes re-employment to be the preferred remedy in unfair dismissal cases, will the government be offering re-employment to all those who claim to have been unfairly dismissed by the government?

The Hon. M.J. WRIGHT: The honourable member is talking about a claim for unfair dismissal, and I stress the word 'claim'. The government regards itself as a good employer but we would take account of the commission if in fact we got to that stage. I do not have the precise wording in front of me but what we have recommended is for serious consideration to be given for this to be the preferred remedy. It is not the only remedy. In some cases it may not be the remedy at all because it may not be sustainable.

There are a number of layers that you need to go through. For someone to make a claim of unfair dismissal, first it needs to be proven. Then the commission needs to make orders. We would certainly take account, as we always do, of what we are advised by the commission. I stress again that what we are saying here is that serious consideration should be given to re-employing the person, that is, if the claim were successful. But it is not the only remedy.

The Hon. I.F. EVANS: As a supplementary question, it is hard to imagine that the government, with so many positions available throughout the Public Service, would not be automatically offering re-employment. They would simply be re-employed in another section of government.

The Hon. M.J. WRIGHT: I think we have to distil this down. You are still talking about a claim. There has to be a finding to that effect. Should that occur, you would have a fair point. The government is fairly large so we would look at those options and, if it was appropriate, we would take account of the recommendations of the commission. We would need to take account of the circumstances at the time and we would look at all those options. I think it is not an unreasonable point that you make. Government is of a size that possibly it should be able to do this better than others and we would take account of that.

The Hon. I.F. EVANS: I refer to page 6.15, which relates to public sector work force relations. Does the same redemption policy apply to injured government employees and those injured employees in the private sector covered by WorkCover?

The Hon. M.J. WRIGHT: As the member would be aware, the government is an exempt employer and there are difficult circumstances that may exist for such employers. Generally speaking it is my understanding that the same provisions of the act would apply, but we will look at that for the honourable member and come back with further advice.

The Hon. I.F. EVANS: I appreciate the minister's coming back with further advice. If the advice is that the redemption policy is different in his answer, could he explain the basis for the difference? Why is there a different redemption policy for government employees versus injured workers covered by WorkCover in the private sector? In answering, could the minister explain that?

The Hon. M.J. WRIGHT: Sure, to the extent that there are differences, we will provide that for the shadow minister.

The Hon. I.F. EVANS: I refer to page 6.14. Why does the government treat wineries with safety issues differently from vineyards with safety issues? Wineries have been warned and given time to correct the matter, whereas vineyards have automatically been given an improvement notice—why the difference?

The Hon. M.J. WRIGHT: I thank the honourable member for his question. The advice I have received is that they are not treated differently. The levels of risk and hazard and whether remedial action is required is the critical issue. If remedial action is required, that is when a notice would be provided. I do not believe that they are treated differently. There would be no reason for that to occur, and in fact it would not make good sense. On the other hand, it needs to be taken into account that the levels of risk and hazard are the measuring sticks. If remedial action is required, that is when a notice would be provided. During 2002-03 Workplace Services occupational health and safety inspectors carried out 100 audits of grape growers. The audit program continued during the 2004 vintage season and, generally speaking, work has been done in cooperation with the industry in a pro-active manner.

Ms CICCARELLO: I refer to Budget Paper 4, Volume 2, page 6.14. Will the minister explain what changes are proposed to the regulations governing the removal of asbestos?

The Hon. M.J. WRIGHT: The government proposes to amend the asbestos regulations to require a licence to remove non-friable asbestos. For example, we are talking about asbestos cement sheeting for over 10 square metres. Previously licences were required only for the removal of 200 square metres or over. The 200 square metre rule effectively allowed many asbestos removal jobs to be done by unlicensed contractors who were not formally trained to carry out the task safely. The amendments will also improve the planning and supervision of asbestos removal activities in South Australia, as well as increasing training requirements in the industry.

The amended regulations have been developed after significant consultation with industry, which included both employer and worker representatives. The amendments are in line with the recommendations of the government's asbestos and occupational, health, safety and welfare advisory committees. There are also proposed changes to record keeping requirements that are particularly important in this field, given the long latency periods associated with asbestos related diseases. These amendments will help ensure that those responsible for undertaking asbestos removal activity act in a professional manner to protect the safety of workers in the industry and the community generally. We cannot undo

what occurred in the past, but we can try to minimise the risks associated with asbestos now, and that is what these regulations are all about.

Ms CICCARELLO: Referring to the same budget paper and to asbestos, will the minister explain the steps taken by Workplace Services to ensure asbestos removal is occurring in a safe manner?

The Hon. M.J. WRIGHT: I thank the honourable member for her question. The Workplace Services Mineral Fibres Unit is actively involved in ensuring that asbestos removal activities in South Australia are conducted safely. The unit is made up of three mineral fibres senior inspectors and one occupational hygienist—a senior inspector. The occupational hygienist is a recent addition to the unit, which has been made possible by the major increase in resources provided to Workplace Services in the 2003-04 state budget. The inspectors in this unit visit asbestos removal sites routinely to ensure that legislative obligations are being met. Where any breaches are identified, the appropriate enforcement action is taken, which can include the issuing of prohibition or improvement notices and prosecutions.

The unit is also responsible for the licensing of asbestos removalists and contributing to the development and promotion of information materials for the removalist industry and the general public. I am advised that from 28 April 2003 to 23 April 2004 the unit has carried out 983 site visits and issued 97 prohibition notices and 110 improvement notices. One prosecution is currently before the court, and a brief of evidence is currently being considered by the Crown Solicitor's Office that will potentially result in a second prosecution. The mineral fibres unit at Workplace Services is a critical part of the government's work to ensure that asbestos is dealt with as safely as possible.

Ms CICCARELLO: I refer to the same budget paper. Has the government taken any steps to improve occupational health and safety services in regional areas? If so, will the minister provide any details?

The Hon. I.F. EVANS: Yes; it has fewer employees in the regions.

The Hon. M.J. WRIGHT: The member for Davenport's comment could not be further from the truth. The government has looked at this very important area, and it takes its responsibilities extremely seriously. Of course, the regional areas are critically important for all South Australians. We are committed to providing improved access to occupational health, safety and welfare services for all South Australians, not just for those who live in the metropolitan area. As evidence of this commitment, in the 2003-04 budget the government provided for an increase in the occupational health and safety inspectorate in regional areas. My advice is that in 2001-02 the full-time equivalent of 10 occupational health, safety and welfare inspectors were allocated to regional areas.

For the information of committee members, I will deal with the relevant allocations of inspectors in terms of full-time equivalents. My advice is that the resources available in 2001-02 provided for one inspector at Berri, three at Mount Gambier, four to service Whyalla and Port Lincoln and two at Port Pirie. As a result of the government's major funding increase for the occupational health and safety inspectorate, the 2003-04 allocation rose to a total of 14 full-time equivalents, with two at Berri, four at Mount Gambier, five to service Whyalla and Port Lincoln and three at Port Pirie. This shows that the government is committed to improving occupational health, safety and welfare outcomes for all

South Australian workplaces, and obviously regional areas are an important part of that.

The Hon. I.F. EVANS: What industries will be targeted by the government inspectors this year and why?

The Hon. M.J. WRIGHT: On a couple of occasions the shadow minister has referred to ‘targeting’ industries. That is not what we do. The government looks to assist specific industries to improve their occupational health and safety performance, and that is done in a cooperative way. However, in regard to these areas, the priority industries that Workplace Services looks to assist are those identified as priorities under the national occupational health and safety strategy. The member asked why certain industries are identified in this way: that is why—because they have been identified by the national occupational health and safety strategy.

For 2003-04, but on an ongoing basis, the areas identified by the national occupational health and safety strategy are transport, construction, health and community services and manufacturing. That is one side of it. The other side would be areas which are high risk in South Australia and which may also have high levels of workers’ compensation claims. There is that dual component to this but, really, it is about government’s working with industry and looking to assist specific industries to improve their occupational health and safety performance. Why would we not do so? Occupational health and safety is fundamental to good business. It is fundamental to having a successful business. If we can work with industry to make their outcomes safer for their workers and their business that has to be a good result for all South Australians.

Additional Departmental Advisers:

Ms J. Davison, Chief Executive Officer,
WorkCover.

Mr S. Coulter, General Manager, Business Operations,
WorkCover.

Mr G. Troughton, General Manager, Policy and Planning,
WorkCover.

The CHAIR: Minister, do you have an opening statement relating to this section?

The Hon. M.J. WRIGHT: Yes. WorkCover is on the road to significant changes. In August last year, at the first opportunity, a first-class and entirely new board was appointed. We now have a board in place that has expertise, skills and experience of the highest calibre; and we also know that this board is not afraid to take hard decisions when that is what is required. Some of the first major decisions that this board took demonstrated its willingness to do the right thing for our workers’ compensation scheme, which, of course, ultimately means the right thing by South Australian employers and workers and, by extension, the community as a whole.

One of those decisions was the introduction of a prudential margin into the methodology for the assessment of the claims liabilities. Of course, there was the possibility that some people would focus only on the headline number in terms of unfunded liability, either to play politics or due to a lack of understanding. The board would have been completely aware of that, but it decided to do what it thought was the right thing. I am advised that the consequence of that decision—a decision which, in terms of the accounting methodology, added about an extra \$77 million to the liabilities of the scheme—was a far greater certainty that the scheme would be able to meet its responsibilities into the future. I hasten to add that there has never been any real doubt that the scheme

would be able to pay compensation as and when it had to; that has never been the issue. After all, we are talking about a scheme with liabilities that extend over 40 years with an expectation of being fully funded in 10 years.

In relation to the prudential margin, what we have seen here is the adoption of a methodology that recognises the fact that the best we can ever do with schemes of this nature is to develop the best possible estimates we can in terms of assessing the liabilities. Predicting the future is inherently a task that involves uncertainty. As such, it seems appropriate that we consider major decisions in terms of workers’ compensation with a degree of caution because, with the best will in the world and with the best possible work in forecasting the liabilities, there is always a possibility that those forecasts will be revised.

Quite obviously, if the decisions to adopt particular liability estimates are not as rigorous as they could be, the risk of significant revisions is increased. However, this board has shown a strong commitment to rigour in its work. The prudential margin means that there is a built-in level of caution and a built-in level of protection for South Australians. Liability assessments are extremely important in underpinning decision making, and the prudential margin establishes a cushion against movements in the liability. Of course, when liability estimates change, the effect of the change is amplified by the operation of the prudential margin, but the fundamentals of the scheme are placed on a much firmer footing. Of course, that is what this government and this board are all about, that is, putting the fundamentals of the scheme on a much firmer footing.

As a result of some work I initiated after coming to government, I tabled a report in the parliament about liabilities of the funds that exist to provide for liability under legislation that preceded the 1986 act.

Essentially, we are talking about diseases arising from exposure to asbestos many years ago. That is why these liabilities relate to earlier legislation, because generally speaking it is the date of exposure to the cause of the injury or disease that governs which legislation is applicable. Of course, these tragic diseases have a long latency period. They usually do not strike for many, many years after the relevant exposure. The report that I tabled indicated what was, frankly, a massive spread of possibilities in terms of the liability that might fall due in relation to those funds. The report indicated that the liabilities could be anywhere between about \$50 million and \$600 million. Of course, that does not provide the best basis for planning and for appropriately provisioning for those liabilities.

There are of course a number of factors that must be considered in making an assessment of this nature which, it seems, increase the difficulty and complexity of the assessment significantly beyond what is involved in forecasting such liabilities for the main compensation fund, which provides for the liabilities under the 1986 act. There are also factors here that make the assessment more difficult than forecasting asbestos liabilities in other circumstances. First, we are talking about estimating the costs of claims that are yet to be made. We do not know with absolute certainty how many claims will eventually be made. Because of the nature of the horrific diseases associated with asbestos exposure, the question of how many workers will eventually fall victim is far more difficult to accurately predict than it is for injuries.

Another complicating factor is that the funds that we are talking about are in effect insurers of last resort. They are not the first port of call when these diseases strike because of

exposure at work. In the first instance, under the legislation that preceded the existing scheme, workers who are unfortunate enough to contract diseases arising from exposure to asbestos at work looked to their employer at the time or to their employer's insurer for compensation. Broadly speaking, these funds exist to provide coverage where the relevant employer and their insurer are unable to pay the relevant compensation. What we are really talking about here is situations where the relevant entity is insolvent or has been wound up, or otherwise is not available to meet the need for compensation. This factor adds another layer of complexity to the issue.

The questions of how many claims there will be, how much compensation will be payable in each case and how much of those costs will be able to be recovered by the scheme are compounded by asking the question: and how many people who have these claims will have such claims against employers or insurers who are no longer able to meet them? In the context of the previously stated range of about \$50 million to \$600 million, I am pleased to inform the committee that I have been advised that, following a good deal more work on this issue, the liability associated with these issues is approximately \$82 million. Included in that assessment is a prudential margin. This assessment will be kept under review. Actuarial assessments of the position of the fund will be made each year into the future, to ensure that developments in the experience of these claims are consistent with the liability assessment that is adopted.

One of the other developments of significance that should be of interest to the committee is the completion of the operational review. As an entirely new board, which recognises the need for change, a decision was taken to commission a review of WorkCover's operations to assist the board and the new CEO to form their views about the way forward. The board selected Mr Bill Mountford and Mr Chris McEwan to conduct the review. The review had three key points of focus:

- how the South Australian Workers' Compensation Scheme is performing and how efficiently WorkCover administers and directs the scheme;
- the performance levels of the WorkCover Corporation's agents—the private sector insurance companies who are contracted to manage claims—and the effectiveness of the relationship between them and the corporation; and
- the robustness of the information and business systems in the WorkCover Corporation.

The report deals with many issues, but some of the most important include:

- the problems with the use of redemptions, which were of course introduced by the former government;
- the problems with the agent contract structures put in place by the former government;
- the loss of focus on core business—which, of course, is claims management—in part due to the 'commercialisation' activities initiated under the former government;
- under-performance in terms of 'front end' claims management and the need to better manage the 'tail' of the scheme—longer-term claims.

There are of course many issues dealt with, and I can provide only a brief overview in the time available, but I can advise that some of the suggestions for reform include the more targeted use of resources by focusing attention on higher risk claims.

Another suggestion is that there should be major changes in relation to redemptions. The report actually recommends

a complete end to the use of redemptions but recognises that another option is significantly to reduce redemptions. The report also recommends the development of new contract structures for the agents, to ensure that they are working to deliver the best possible outcomes for the scheme. The report makes the comment that the scheme's performance has deteriorated significantly in recent times, with liabilities increasing by 46 per cent in the 30 months to December 2003. There are a number of issues that need to be understood in considering that point. One of the fundamental issues is that workers' compensation schemes are long-term schemes.

It can take a number of years for the effects of changes to work their way through the system. One of the points that illustrates that is that the report talks about a lump sum culture, a redemption culture. A culture is not something that springs up overnight: it takes time to develop. In fact, Mr Mountford said to me that there was a view in the industry in 2000-01 that the South Australian Workers' Compensation Scheme had a problem with redemptions and that, sooner or later, it would become more apparent.

Of course, we also know that the liability assessment adopted by the board in June 2001 understated the liabilities. When the assessment was revised in March 2003 the former chair of the board said that the liabilities may have been understated by as much as \$100 million. It may well have been more. What we know is that the assessment at the time was based on management projections about the changes they said they would achieve. The assessment took account of those claims, notwithstanding the fact that, essentially, they were not reflected in the performance of the scheme at the time.

That means that in 2001 the fundamentals of the scheme were not performing, but that was not fully recognised in the liability assessment adopted by the board because that assessment was based on an assumption that things would get better. Put simply, that assumption was not correct. In general, I am advised that the cash flow is strong and, whilst much more needs to be done, we are moving in the right direction. I understand that, based on unaudited figures, we are heading for a good operating result. Every good operating result that is achieved makes further inroads into the unfunded liabilities of the scheme. We will, of course, have to see what the actuary's assessment is and what the final outcomes for the year are before being able to form any sort of definitive view, but there are positive indications. I am advised that investment outcomes, broadly speaking, have been encouraging; however, as members would be aware, investment markets can be fickle.

I would like to take this opportunity to thank the board for their hard work, and I look forward to continuing to work with them and with the new chief executive officer, Julia Davison, as we continue the task of delivering a better WorkCover Corporation.

The CHAIR: Does the member for Davenport have any comments or opening remarks?

The Hon. I.F. EVANS: No.

The CHAIR: Does the member for Davenport have any questions?

The Hon. I.F. EVANS: The government has introduced legislation removing occupational health from WorkCover to Workplace Services. The minister engaged Bottomley and Associates to conduct a due diligence report. That report identified that just over 200 staff and between \$12 million and \$14 million would be transferred to the department from WorkCover. That is more than a quarter of WorkCover's

existing staff and more than 25 per cent of WorkCover's non-claim budget that would be lost to WorkCover. What has been the response from the WorkCover board to this report, and does the board agree with the Bottomley findings?

The Hon. M.J. WRIGHT: I thank the shadow minister for his question. I think it is a good question and an important one. He is right in identifying that the Bottomley report was instigated to identify the resources that have been used by WorkCover for occupational health, safety and welfare purposes.

The discussions that are now taking place as a result of that report are between both Julia, as chief executive officer of WorkCover, and Michelle Paterson, the executive director of Workplace Services (who was here earlier today). They are sitting down as two professionals and identifying that sort of detail, and they have a responsibility to work through the accuracy of the Bottomley report. I have said previously, and I will continue to say, that whatever the figure ultimately turns out to be it has to be fair to both WorkCover and Workplace Services. That is why Julia and Michelle will be doing this work, and I expect that we will be able to reach a sensible agreement to that. Obviously, Julia and Michelle will work that detail through and I would imagine that Julia would advise her board accordingly.

In a general sense, I have also communicated my views to the chair of WorkCover that this needs to be fair to both organisations, and that I will not be in the business of advantaging one over the other. Unless it is fair to both organisations it is not a fair outcome. That is what it needs to be, and that is what it will be. I am sure that Michelle and Julia can work towards that, and I look forward to them going through the detail of the Bottomley report. I am not saying that this will be the case but, if they are able to identify instances within that report that they do not agree with, obviously that will be identified, and ultimately what these numbers turn out to be will be an agreed position. If the officers working on this are not able to reach an accommodation, I have also suggested to the chair that he and I may need to be involved in that process.

The Hon. I.F. EVANS: That is all well and good, minister, but the question was: what has been the response of the WorkCover board to the report and does the board agree with the Bottomley findings?

The Hon. M.J. WRIGHT: I think I answered that question, and I answered it by saying—and I guess this would be the response of the board—that the chief executive officer of WorkCover (who works for the board and who was appointed by the board) and the executive director of Workplace Services are together working through the Bottomley report with a fine-tooth comb and, as part of their work, will provide advice to the board.

I am further advised that the board supports the transfer of an appropriate level of resources. That is what Michelle and Julie are now working on to reach that figure. I think it is the interests of everybody—both organisations and key stakeholders—to work through the report and get an agreed position on what the correct numbers are.

The Hon. I.F. EVANS: Are you saying that the WorkCover Board supports the formation of SafeWork SA and therefore the splitting of OH&S from WorkCover or the transfer of WorkCover functions across to SafeWork SA? Or are you saying that, given that it is government policy, the board supports some transfer of appropriate resources? Has it commented on the policy issue and, if so, what was its comment?

The Hon. M.J. WRIGHT: I do not believe the board has commented on the policy. If it has done so, I do not believe it has been to me. In the main, my meetings are with the chair. I cannot recall specific reference to the policy being made. If I am not correct about that I will come back to you. I think the answer to your question is the latter rather than the former of the two examples that you gave. But it would be fair to say—I have just been reminded of that advice by the Chief Executive Officer of WorkCover—that, generally speaking, the board sees its focus as being on claims management, and it does not want to be diverted from that. That is not to say that from a policy point of view they are saying yes to SafeWork SA, because I simply do not think we have had those discussions. I think it is the latter of the two you referred to.

The Hon. I.F. EVANS: Under the 'Bottomley model', who will carry out the OH&S assessments for exempted self-insured employers?

The Hon. M.J. WRIGHT: I thank the member for his question. Those discussions are still occurring. It certainly has not been nailed down as to what is the best model. The member would be aware that a review of the exempts is currently underway. So, no final position has been reached in regard to the member's question.

The Hon. I.F. EVANS: In Budget Paper 3, under the Chapter 7 Risk Statement, currently exempt or self-insured employers pay WorkCover a fee for administrative services. Further, WorkCover conducts occupational and safety audits for exempt employers. Indeed, the government is the largest self-insured or exempt employer. What does the government pay WorkCover?

The Hon. M.J. WRIGHT: We do not have those details, but we may be able to get back to you before we conclude today. I have officers checking that; it will not be a hard thing to get.

The Hon. I.F. EVANS: Will the government release the audit reports into occupational health and safety in relation to each government agency for the past two years?

The Hon. M.J. WRIGHT: We may be able to provide that information. I need to take advice on that, and will do so before committing to that.

The Hon. I.F. EVANS: Budget Paper 3, page 5.2 under 'General government financial position' states:

The net assets of public financial corporations are forecast to increase across the forward estimates. The major contributors to the increase are the Motor Accident Commission, WorkCover Corporation and the South Australian Community Housing Authority.

What are the projected increases in the net assets of WorkCover Corporation for the each of the financial years 2003-04, 2004-05 and 2005-06?

The Hon. M.J. WRIGHT: The shadow minister is referring to page 5.2 in Budget Paper 3. It is worth while looking at because, generally speaking, this refers to the improvement of WorkCover's position. Projections as to those matters will be available, and I will provide more detail for the member in that respect.

The Hon. I.F. EVANS: I refer to Budget Paper 3, page 6.7, 'Chapter 6: Government businesses. Balance sheet structure'. What is the net financial position of WorkCover for the purpose of inclusion in the general government sector financial statements?

The Hon. M.J. WRIGHT: The last figure with actuarial advice was 31 December 2003. We will confirm what figure Treasury has used and obtain that information for the member.

The Hon. I.F. EVANS: I refer to Budget Paper 3, page 7.1, 'Chapter 7: risk statement'. WorkCover risks are many and varied, not the least of which is the number and range of injuries and accidents. Accident prevention, or occupational health and safety, is a critical issue, and over the past three years the quarterly reports show the following year claims: as at March 2001 there were 7 771; as at June 2001 there were 6 743; and going through to December 2003 there were 6 287. Obviously, these figures do not disclose the nature and severity of the accidents. Is there a breakdown of these figures in relation to the cause of these accidents, that is, the breaches of safe systems of work versus employee negligence? If so, can we have a copy of that breakdown for the periods referred to above? I will give the minister a list if he is going to take the question on notice. Are there projected figures and, if so, can we have them?

The Hon. M.J. WRIGHT: I do not believe that the type of information the member is seeking would be available. As the member would be aware, it is a no fault scheme, so I do not think that there would be any information in the nature of employee negligence, for example. There may well be—there probably is—information about the types of injuries. We can provide information relating to the nature of the injury but not the causation—when I say 'causation', I mean in terms of employee negligence. I do not think that information exists.

Ms CICCARELLO: I refer to Budget Paper 3, chapter 6, page 6.7. Can the minister provide further information about the work that has been done to gain a better understanding of WorkCover's asbestos liabilities?

The Hon. M.J. WRIGHT: Unfortunately, recently there has been much controversy about the processes associated with estimating asbestos liabilities in other contexts. I understand that the board of WorkCover Corporation has put in place a process for assessing these liabilities that involves not simply one round of checking but two. I am advised that the first part of the process, in response to the huge range of potential liability outcomes previously identified, was to have WorkCover Corporation's actuaries, Deloitte Trowbridge, undertake a review of the liabilities. Once Deloitte Trowbridge had conducted its work, WorkCover Corporation engaged not one but two external auditors: PricewaterhouseCoopers and KPMG were both engaged to assess the work that had been undertaken by Deloitte Trowbridge.

As part of that assessment, the external auditors each used their own actuary to check the work that Deloitte Trowbridge had done. Clearly in an environment where there had been a massive spread of potential liability assessments, it was important to do as much as possible to provide certainty to the workers' compensation scheme about the extent of the potential liabilities.

Beyond the widespread of liability estimates that were previously given for the asbestos liabilities of the South Australian Workers' Compensation Scheme, arising from legislation in place in the past, there has been a great deal of reporting from the special commission of inquiry in New South Wales which is examining issues relevant to James Hardie. Much of the reporting associated with that inquiry has been associated with the establishment of the Medical Research and Compensation Foundation. It seems that one of the issues that has been at the centre of concerns about the establishment of the Medical Research and Compensation Foundation has been the adequacy of the funding provided to the foundation which was related to liability assessments. Those liability assessments have now been called into question, but we will have to await the outcome of the special

commission of inquiry which is currently under way to see what judgment is made on those issues.

That example highlights the need to take appropriate steps to provide confidence about liability assessments, bearing in mind that we are really talking about predicting the future. Actuarial assessments will always carry with them a degree of uncertainty. They are always predicated on assumptions about what will happen in the future. That is the nature of actuarial work. In this situation, the Board of WorkCover Corporation has put in place a process to try to provide that confidence. In addition to going through the process of having two separate external firms audit the assessment, each using its own actuary, a prudential margin adds to the confidence that can be had in terms of ensuring that decision making is being made on a sound basis. In this case, the WorkCover board has applied a 65 per cent prudential margin to the assessment of these liabilities.

To briefly explain that for the benefit of the committee, I can advise that in the past the WorkCover Corporation used a central estimate of its liabilities. That is, in the past it adopted an assessment of liabilities that was seen as having a 50 per cent probability of being correct and, of course, a 50 per cent probability of being incorrect. Under this board, that approach has changed. Adopting a 65 per cent prudential margin means that the assessment of liabilities now errs on the side of caution, and that is the appropriate course of action.

The Hon. I.P. LEWIS: Can the minister confirm for the committee that Allianz is the monopoly insurer for WorkCover?

The Hon. M.J. WRIGHT: That is not the case. I have a breakdown of the situation which may be of interest to members, including the member for Hammond. These figures are an approximate percentage of the market share that each of the organisations currently has. Allianz is one of the players. It is involved in the scheme in regard to claims management and its share is approximately 34 per cent. CGU/NRMA is approximately 29 per cent, QBE/Mercantile Mutual is approximately 17 per cent, and Vero is approximately 18 per cent. Generally speaking, that is the breakdown in the marketplace.

The Hon. I.P. LEWIS: Is Allianz a monopoly claims manager for WorkCover in any of its activities?

The Hon. M.J. WRIGHT: In respect of its being the only player in the market, if that is your reference, no, that is not the case. The way it is structured is as I just explained. I am not sure whether you have been told differently.

The Hon. I.P. LEWIS: Are the people who are claims managers employed under the supervision of one or more companies and to what extent is that open to competition? If it is not open to competition, what are the likely ACCC tax implications with the grants commission and the federal government?

The Hon. M.J. WRIGHT: I am not aware of any issues relating to the ACCC but I am happy to check that. I do not believe it has been an issue. The other thing that I can share with the member for Hammond, which he may well know, in fairness, is that these contracts are for a period of time. When that contract expires, obviously the opportunity then is to go out to tender. There would be the requirement of a new contract, which would go out to tender. The other matter, of which the honourable member is probably aware but it may be worthwhile bringing to the attention of the committee, is that employers nominate their claims agent, so they can choose one of those four. They do that on an annual basis.

The other point worth highlighting, and to which I referred previously in my opening statement or one of the answers, was that this is certainly one area that was very much a tenet of what the operational review looked at as to how we can do it better.

The operational review was called for by the new board to look at not just claims management but at all of business. One of its key areas in the Mountford Report was to highlight—I may not have this precisely correct—that claims managers for too long had been able to do their own thing. The recommendation in general was to review the contracts and to get better outcomes. Generally speaking, Mountford was talking about (I have met with him post review—these may not be his exact words) the fact that there needs to be a greater sense of tension in the system.

The Hon. I.P. LEWIS: May I say one other thing?

The CHAIR: Member for Hammond, the time for suspending has passed.

The Hon. I.P. LEWIS: Notwithstanding; that is a discretionary limit. Without wanting to be difficult with anybody, I point out that the costs associated with the way in which claims are currently administered is continuing to blow out, not because of any political incompetence on the part of the government, in my judgment, but more particularly because of the structure of the commercial arrangements between WorkCover and the people who act for it in the corporate private sector.

My point in two parts is quite simply that, where the claims manager is nominated by the employer, the claims manager will not say or do anything that would offend that employer for fear that the claims manager would not be renominated by that employer or by the group of employers to which that employer belongs. So that discriminates against the interests of the injured worker. They are never going to find, fairly, in favour where they are clearly influenced by the interest of seeking renomination. It is also my judgment, if I might say without going through the charade of questioning further, that presently WorkCover is a bit like land title transfer used to be 140-odd years ago in this place: where it is lawyers' lunch and dinner, and it is growing enormously. The amount of money as a proportion of all premiums collected that goes to the benefit and rehabilitation of the worker who has been injured is decreasing rapidly, yet premiums are escalating and it is because of the amount of money charged for the professional services of the adversarial advocacy system we have.

In my judgment the way to resolve it is that once a worker has been stabilised following injury, whether trauma or otherwise, there needs to be a jury set up, without any lawyers involved at all, to which the worker comes and tells the jury what it is and presents the jury with the medical certificates that state what the problem has been and that the condition is now stable. Equally, the employer needs to say what part they had in it. Following that, the jury ought to deliberate upon what compensation will be paid, if any, there and then on the spot and settle it, not as an adversarial advocacy situation such as has existed in the past but rather as one of finding out what happened and then resolving it.

In my judgment, the jury needs to consist of 12 people: four of whom come from the workplace where the injured worker works (or a similar workplace if there is not enough in that workplace); four of whom need to come from the same kind of industry the employer is in; and four of whom are taken from a general list, the same as that used for jury duty in our court system. A majority of those, perhaps two-thirds

(eight out of 12), has to agree on what the statement of what has happened ought to be, and the recommendations about that, to avoid it happening and as to the way in which the workplace might change for that employer, for the industry at large and, more particularly, to settle the claim and be done with it. That would be a cheaper, fairer, more effective way of doing it than the present mess we have, which only causes greater measures of psychological trauma than the injured worker would otherwise have suffered had they be dealt with in that fashion. I thank the committee for its indulgence.

The Hon. M.J. WRIGHT: I thank the member for Hammond and welcome those comments. We recognise the need to ensure that agents, lawyers and all service providers work in the interests of the scheme, and that is what the honourable member is talking about. It is a major focus of what we are looking to do and I thank him for his comments.

With regard to the government exempt levy, I am advised that in terms of the levy paid by the government as an exempt employer it is paid on the same basis as other exempts. I am also advised that each agency pays their own levy. However, I am advised that the summary for public sector payments for 2002-03 was \$5.267 million.

Department for Administrative and Information Services,
\$179 857 000.

Administered Items for the Department for Administrative
and Information Services, \$5 680 000.

Membership:

Mr Williams substituted for the Hon. I.F. Evans.

The Hon. D.C. Kotz substituted for Mr Brindal.

Departmental Advisers:

Mr B. Griffin, Acting Executive Director, Building Management, Department for Administrative and Information Services.

Ms A. Westley, Senior Officer, Office of the Minister for Administrative Services.

Mr M. Grillo, Executive Director, Government ICT Services, Department for Administrative and Information Services.

Ms J. Ferguson, Executive Director, Policy, Planning and Community Services, Department for Administrative and Information Services.

The CHAIR: Minister do you have an opening statement?

The Hon. M.J. WRIGHT: Yes, I do. The Department for Administrative and Information Services is a diverse organisation providing both services to the public and internal services that are an essential component of the smooth running of government. The department's key functions include the provision of specialist government and community services, infrastructure development, provision of information and telecommunications and policy advice. Key components of DAIS's business include ensuring that government processes are transparent; that DAIS's services are accessible to the public; and that it maximises the efficiency and effectiveness of government through a joint approach to services, infrastructure and overhead cost. Ultimately, the department aims to make positive contributions to performance within government and across the community.

Highlights of the department from the last financial year include changes to forensic procedures legislation to make our state's DNA database more effective. This has cast the crime investigation net wider by making it easier for police to access DNA information and for expanded DNA testing of South Australian prisoners by Forensic Science SA. As a result, and assisted by Forensic Science SA, police have been able to follow up on a number of unsolved crimes. I understand the police's Helix task force has made 22 arrests since May 2004.

Country regions have embraced the Service SA customer service centre concept (with a fourth centre opening in Port Augusta), which provides a convenient single location for the people of the Mid North region to transact business with government. This is in addition to both telephone and online service provision through the Service SA web site, whose services continue to expand by forming partnerships with other government agencies, such as the Office of Consumer and Business Affairs and the Land Titles Office. The Spence Wing of the State Library was opened on North Terrace. This successful addition has an innovative and energy saving design to make the public spaces user friendly and filled with natural light, attracting many more people to the facility. Similarly, the upgraded Gepps Cross branch of State Records is more accessible and welcoming to the public, encouraging people to use the enormous resources available at the facility.

An open and competitive tendering process has commenced for the provision of technology services to government. A new strategic plan (ICT Directions) provides a clear framework for use by government agencies to improve their mainstream operations and service delivery to the public. A landmark agreement between the government and the Local Government Association has provided all 68 local councils with access to the SA tenders and contracts web site, encouraging greater competition for state and local government tenders. Office accommodation guidelines have been approved, with the aim of maximising the efficient and effective use of office space across the public sector.

Looking forward to 2004-05, there are many challenges. DAIS plays a key role in keeping government responsive to the diverse and changing needs of the public. It will continue to support government responses to community needs by providing support to government agencies to be innovative in their work practices and apply technology and infrastructure in ways that improve efficiency and effectiveness. The aim of such service innovation is to provide the public with products and services that are more accessible, faster and easier to use and more cost effective to produce. Some examples include:

- the continued improvement to the range of Service SA services through service centres, the Service SA web site and call centre;
- Fleet SA working to improve the energy efficiency and emissions of government vehicles by including dual fuel, dedicated LPG and hybrid electric vehicles in the fleet;
- information and communication technology services, such as the government radio network; and
- providing reliable Internet, email and telephone services for government users.

A strong future focus is the better use of existing information and communication technology systems within government. Allied to this is improving the security of government computer systems and telecommunication services, as these systems have become essential components for the delivery and management of government services. Other areas of

improved business operation include making improvements to the state procurement, subject to the passage of the state Procurement Bill. This bill was drafted after legislative review of the state Supply Act 1985 as part of our 10-point plan for honesty and accountability in government. We are also continuing to improve freedom of information provisions, in addition to the raft of administrative reforms already implemented as a result of the FOI review.

The 2004-05 budget continues DAIS's role in supporting government operations while also continuing to provide excellent services direct to the public. These include:

- an increase in the construction budget for new employee housing provided to enable more police and health care workers to live on the APY lands;
- the purchase of a new scanning electron microscope to assist Forensic Science SA in conducting firearm investigations;
- additional resources to Forensic Science SA to provide an extra pathologist and scientific support staff to meet the growing demand for post-mortem examinations and toxicology cases;
- additional resources to implement the government's freedom of information programs, following the recent passage of FOI legislation;
- improving the detection and management of asbestos in government facilities;
- managing the contract process and transitional arrangements for the provision of government information technology; and
- continuing the operation of the state's radio system.

The CHAIR: Member for MacKillop, do you wish to proceed immediately to questions?

Mr WILLIAMS: Thank you. I refer to Budget Paper 3, page 2.22, in relation to the sale of the tram barn in Angas Street. The Budget Paper shows that \$5.5 million will be received in the 2005-06 year. I have a series of questions on this matter. First, is that the total sale price? Has the government sold the whole site to the Catholic Church? Will any provision be made for pedestrians to pass through the site? There has been discussion over a number of years about making a thoroughfare through that site when it became available. Has the government committed to lease any part of a proposed building on the site? Is the government engaged in discussions or negotiations about occupying part of a proposed building?

The Hon. M.J. WRIGHT: There were four questions, if I interpreted it correctly. If I do not answer anything of what the honourable member has asked, he should let me know. In relation to the \$5.5 million being received in 2005-06, my advice is that that is the total sale price. It will net \$5.2 million, because we are committed to an amount for remediation of the site. The second question the honourable member asked was whether this is the whole site. The answer is yes. The third question was in relation to pedestrians having passageway. That is in the program of works, which is subject to urban design guidelines. The fourth question asked was whether the government has committed itself to lease any of the site. No, we have not. I understand that there have been some initial discussions in relation to the Supreme Court, but I think that is very much in the preliminary stages, and certainly no commitment has been given.

Mr WILLIAMS: In relation to Budget Paper 4, page 6.8, investing payments, my first question is about the central power station in the APY lands. I point out that in October 2001 the relevant agencies in a submission to the Public

Works Committee reported, amongst other things, that blackouts occur frequently, due to the existing equipment. Because it was ageing and because of the hours of use by the equipment to that point, it was estimated that \$9.5 million would be required for maintenance and upgrading or replacement of that equipment over the next four years. Of the \$14.4 million capital cost to the central power station in the APY lands, the state's contribution of \$6.65 million was budgeted to be expended in the 2003-04 financial year, with completion due this month, June 2004. The budget papers indicate that only \$325 000 of that \$6.65 million was spent in the 2003-04 year, and now only \$1.38 million will be expended in the next financial year, with the project not being completed until June 2006—some two years later. What has been the cause of the delay? What has happened to the \$5.187 million which was budgeted in last year's budget and which seems to have disappeared from this year's budget?

The Hon. M.J. WRIGHT: The tenor of the honourable member's question is correct in respect of the delay. I do not know the precise reasons for the delay (because that is in another portfolio area, namely, Aboriginal affairs) but I am happy to undertake to seek the detail of what the honourable member asks for.

Mr WILLIAMS: The \$5.187 million seems to have disappeared from the budget. I refer to Budget Paper 3, table 2.14 on page 2.22 and the investing payments for the Automated Title and Land Administration System (otherwise known as ATLAS) initiative. Because it has been shifted further out in the forward years, it is actually shown in that table as a revised implementation schedule. I am wondering why these funds have not been handled in a similar way, because they have just disappeared from the budget. I cannot find them anywhere.

The Hon. M.J. WRIGHT: I cannot guarantee that figure that the honourable member refers to, but it is our understanding that once again this would now be with Families and Communities, because that is where Aboriginal Affairs has transferred. I am happy to pursue the answer for the honourable member, but the advice I am being given is that it just does not sit with us any more because of the transfer.

Mr WILLIAMS: If you can take that on notice, because it is still within your total agency—

The Hon. M.J. WRIGHT: It is not. We will get the detail for you, so I still need to take it on notice, but I have been advised that the ownership returns to the community and, as such, is probably treated differently in regard to its financial treatment. That may or may not relate to some of what the honourable member is asking, but I will need to go to another area because it is no longer with us. All I can do is seek an answer for the honourable member from Aboriginal Affairs, which now sits with Families and Communities.

Mr WILLIAMS: It seems odd to me that it is impossible to trace through the way the budget papers are written, and it seems to me there should be a notation in the expenditure and revenue tables of Budget Paper No. 3 so we can actually trace where this money has gone. I am assuming that the money is still there and I am just unable to find it.

The Hon. M.J. WRIGHT: The project is proceeding, so I would presume that the money is still there, and we will get that detail for the honourable member. Because it is not in my department any longer I just do not have the detail at my fingertips.

The Hon. D.C. Kotz interjecting:

Mr WILLIAMS: The point being made by my colleague is that that change occurs as of 1 July.

The Hon. M.J. WRIGHT: That is what the budget papers reflect, from 1 July.

Mr WILLIAMS: We are trying to work out what happened to the money in the current year.

The Hon. M.J. WRIGHT: We will get it for you. I think it is a fair question.

Mr WILLIAMS: Page 6.10 in Budget Paper No. 4 relates to infrastructure development. The performance criteria for the program indicate that the number of projects managed is falling although, without having any idea of the size or complexity of the programs, this figure gives no insight into the actual performance of the program. Similarly, the footnote to the annual value of projects managed tells us that the figures in the table do not reflect the real value of projects managed as the capital funding is likely to be allocated to the delivery agency. And I had a bit of trouble with the language being used there also. Will the minister provide the committee with the expected value of those projects that are being managed for each of the years shown in the table and what the individual projects are?

The Hon. M.J. WRIGHT: As you would appreciate, that requires a substantial amount of work, but we are happy to get that for you. We do not have that sort of detail with us but we can get it for you.

Mr WILLIAMS: Basically, the question is about trying to say that the budget would make a lot more sense if there was a table on that page with a list of those projects and the values because, to be quite honest, the commentary provided gives very little insight into what is happening.

The Hon. M.J. WRIGHT: You are probably aware that this area sits with minister Conlon. It sits under DAIS, but the actual infrastructure development sits with minister Conlon. But we can follow it up for you.

Mr WILLIAMS: My understanding is that DAIS is managing the projects involved here.

The Hon. M.J. WRIGHT: It would depend on the nature of the project. We will get the details for you.

Mr WILLIAMS: I refer to Budget Paper 4, page 6.20, under building management. The budget for the Torrens Parade Ground was listed at \$1.298 million, but the budget papers show that the actual sum spent was \$3.154 million. What is the reason for the 143 per cent blowout?

The CHAIR: Would the member for MacKillop please provide that reference again?

Mr WILLIAMS: I think it is actually page 6.8, Budget Paper 4, the Torrens Parade Ground.

The Hon. M.J. WRIGHT: The advice I have been given is that this relates to additional work on the parade grounds. The other important point that relates to these figures also relates to carry-over, but we will get more precise information and bring that detail back for you. I have also been advised that the approved budget for this project was \$4 600 649 and the current estimate of the cost is \$4 617 251. So, the numbers referred to relate to carry-over, but we will get that detail for you.

Mr WILLIAMS: I refer to Budget Paper 4, page 6.20, Program 6: Building Management. Under performance criteria there seems to be very little difference in the year-on-year figures, yet the supplies and services budget has risen by \$5 million. What is the explanation for that?

The Hon. M.J. WRIGHT: The advice I have been given is that it relates to supplies and services which, as can be seen in that table, has gone up and, as a result, so has the sale of the goods and services to reflect what I talked about earlier in regard to more work being done.

Mr WILLIAMS: By way of clarification, minister, are you saying that the amount of work being done under this sub-program has increased, so more supplies and services have been required?

The Hon. M.J. WRIGHT: Yes: there are more costs because there is more work being done.

Ms CICCARELLO: I refer to Budget Paper 3, page 2.22. In light of the additional funding for Forensic Science SA, can the minister advise the committee how the funds will be used and the anticipated benefits to the state?

The Hon. M.J. WRIGHT: I can advise you of that, and I thank you for the question. The additional funding of \$3.1 million over four years for Forensic Science SA is a clear indication of this government's commitment to law and order initiatives. The additional funding will increase the resources for coronial services and will enable the purchase of an important piece of forensic science infrastructure. The average number of coronial post mortems conducted at Forensic Science SA has increased from approximately 970 per annum prior to 2002 to over 1 200 in 2003-04. Funding of \$2.1 million over four years has been provided to employ an additional pathologist and increase resources for the mortuary, pathology and toxicology laboratories. This will enable a more timely service to the coroner and reduce inconvenience to families trying to finalise deceased affairs.

Additional funding has also been provided to purchase a scanning electron microscope energy dispersive x-ray. This facility is in urgent need of attention. It is the most costly capital item in use within the centre and was originally purchased in the late 1980s. This equipment is integral to the investigation of incidents involving firearms, which include serious matters such as murder, armed robbery and police shootings. Over 50 firearm cases are processed every year at Forensic Science SA. In recent years these cases have involved incidents such as the Margaret Tobin murder, the Geoffrey Williams/Paul Nemer case, the Wright Street shooting involving bikies, drive-by shootings at Victoria Square, the eastern suburbs and the Heaven Nightclub, the double execution style murder in a motel on Melbourne Street and numerous armed hold-ups.

Procurement of new equipment will allow staff to complete firearm investigations more efficiently. These two initiatives are a clear indication of the government's commitment to the key priority of law and order.

Ms CICCARELLO: I refer to Budget Paper 4, Volume 2 subprogram 9.2, page 6.31 regarding funding arrangements. Can the minister advise the committee about the South Australian DNA database and its effectiveness as a criminal intelligence tool?

The Hon. M.J. WRIGHT: Yes, I can. This government has a strong commitment to law and order and has sought ways in which new technologies and processes can aid this key priority. In 2003 amended legislation extended the range of offences where profiles could be added to the South Australian DNA database. In addition, retrospective sampling of the current prisoner population was allowed. The legislation simplified sample collection procedures, allowing trained police officers to perform this task. Forensic Science SA was provided with \$1.2 million in recurrent funding in last year's budget to service the new legislation. The database software capabilities were enhanced, new staff recruited and trained and automated systems introduced. During the 2003-04 financial year 800 to 1 000 samples per month from prisoners, suspects and crime scenes have been added to the DNA

database. The number of profiles on the SA database has increased to over 15 000 at the end of May 2004.

The database provides two levels of intelligence services to South Australia Police: first, by linking crime scenes where a common DNA profile has been found and, secondly, by linking a suspect or prisoner whose profile is on the database with a crime. The linkages are being reported to the South Australia Police's DNA management section at a rate of about 30 per week. Approximately 40 per cent of the profiles on the database link to either crime scenes or a person. The largest number of crime scenes linked to a person and reported to South Australia Police up to this time has been 27. A number of serious crimes including sexual assaults dating back to 1989 have been linked to a person through the DNA database. The new funding provided to Forensic Science SA is helping the fight against crime in this state.

Ms CICCARELLO: I refer to Budget Paper 4, Volume 2, page 6.20. This is something about which I am particularly concerned. I am a member of the Public Works Committee, and we have been discussing this issue at length. Madam Chair, I think that you and the member for MacKillop have discussed this in your time on the Public Works Committee. Can the minister provide details on how DAIS contributes to the greening of government and, in particular, how DAIS is pursuing opportunities for government to sponsor ecologically sustainable office accommodation developments?

The Hon. M.J. WRIGHT: Yes, I can. Through its environmental statement and its role in the implementation in the greening of government operations framework, I am informed that DAIS is striving to integrate environmental principles into its operation to minimise energy use, greenhouse gas emissions and waste and pollution. I understand that DAIS demonstrates its actions through active environmental monitoring and reporting. It is also implementing and promoting sustainable procurement practices for its own procurement as well as in the specialist procurement that it undertakes and guides on behalf of other agencies.

Through direct collaboration with government agencies such as Energy SA and the Office of Sustainability, DAIS has a leadership role for three out of eight 'go-go' priority areas. These are: priority area 4—built facilities management, priority 5—travel and fleet management and priority area 6—green procurement. I am advised that DAIS is also providing mechanisms for other agencies to improve performance in particular areas, for example, building design, leased accommodation, car fleet energy consumption and equipment purchases. I understand that real estate management is pursuing a range of sustainable office accommodation activities including three government owned buildings which have been included in the building tune-up program currently being undertaken in the CBD.

The program will provide an Australian building greenhouse rating for 10 buildings in the Adelaide CBD and provide recommendations to improve the energy efficiency ratings and reduce consumption. The program will also measure water consumption within the buildings and rate them for efficiency using the commonwealth's neighbours ESD rating tool. The program will provide recommendations for the reduction of water usage within buildings. I understand that many of the principles identified to reduce energy and water consumption in the nominated buildings will be considered for application across the government stock of owned and leased office accommodation buildings.

I am informed that energy efficient principles are also being applied in the ongoing management of the building

facilities. Any replacement or upgrade of obsolete or expired plant incorporates current technology and practices that should result in reduced running costs. Energy audits have been undertaken on a number of the assets and, along with the energy rating assessment, will continue to be expanded across the portfolio in 2004-05.

A review of waste removed from one-off government office buildings is being undertaken to determine what additional processes can be implemented to increase the level of recycling of materials to ultimately reduce the amount of waste that goes to landfill from all buildings.

The Hon. D.C. KOTZ: I refer to Budget Paper 4, Volume 2, page 6.31, 'Subprogram 9.2. Forensic sciences'. Last year's budget included an additional amount of some \$5.747 million over four years (which would be about \$1.436 million per year). Is that amount included in the \$9.236 million net cost figure for forensic sciences in this budget?

The Hon. M.J. WRIGHT: The advice I have received is that the extra \$1.2 million in 2003-04 became a part of the base, and over the forward estimates that is \$5 million. In 2004-05 there is an additional \$630 000 on top of what I just referred to. With respect to the member's specific question the answer is yes.

The Hon. D.C. KOTZ: I again refer to the same budget line. In last year's budget a further amount of some \$765 000 capital funding over four years was provided to take advantage of new technology in automated instruments. That figure over four years would equate to approximately \$191 000 annually. Is that amount also included in the current budget figure of \$9.236 million and, if not, where can it be found in the budget papers?

The Hon. M.J. WRIGHT: The advice I have received is that it is not included in the section to which the member referred but it is in the capital part of the budget. The extra scanning and electron microscope, for example, is there, and other capital purchases.

The Hon. D.C. KOTZ: I have a supplementary question for the purpose of clarification. If, in fact, the approximate amount of \$1.2 million (as identified from the original question I asked about the \$5.747 million) is in the amount of \$9.236 million, that would mean that the budget for forensics would have been cut by that approximate amount. So, the budget for forensics this year (because that was identified in previous budgets) would be less the amount of funding that was already announced in the previous year. Is it the position that we would be looking at something like \$8 million instead of \$9.236 million?

The Hon. M.J. WRIGHT: No, that would not be the position. I am not too sure how the member has arrived at that figure, because the budget has not been cut. We will provide the member with a detailed breakdown of the budget for forensic over the past three years.

The Hon. D.C. KOTZ: I again refer to the same budget line. In the 2003-04 budget, recurrent funding of \$1.2 million was allocated to forensic sciences to include 11 additional staff. Have 11 employees been added to the forensic science area in that time? I also add that the minister who previously held the portfolio advised at the time that, prior to the implementation of the act, seven officers were to be recruited to enable training to be implemented in preparation for the influx of samples and a further four employees were to be added as employee numbers built. The amount that I am asking about was specifically designed to add 11 employees, and I wonder whether that has occurred.

The Hon. M.J. WRIGHT: The advice that I have received is that the answer is yes, although having said that we do not have before us whether the exact number is 11 or whether it is a different number. It is around about that figure but we will certainly get that number for you. In a general sense, we can say yes to your answer but we would need to check. We cannot be certain whether it is 10, 11 or 12 or whatever it is. It is around that mark and we will get that detail.

Mr WILLIAMS: Following the line of questions asked by my colleague, I take on board that you have offered to give us a complete breakdown for the last three years, and that would be most helpful because last year forensic science services was a separate program so there was a lot more detail in the budget. The budgeted net cost last year, as shown on page 6.20 of Budget Paper 4 from last year's budget, shows the net cost figure as being \$9.426 million. If we look at the same net cost figure for what this year is subprogram 9.2, the figure is \$8.606 million. That is a discrepancy of some \$800 000. If you can take that on board when you provide those figures to the opposition, that would be helpful because it confused me.

The Hon. M.J. WRIGHT: We will get that detail.

Mr WILLIAMS: I refer to Budget Paper 4, page 6.22, subprogram 6.2. The performance commentary for subprogram 6.2 suggests that the number of projects is below the target for the 2003-04 year, yet the annual fee charged and the value of the projects managed are both above target. It appears that, if the number of projects met the target, the fees charged would have been considerably above the target. What is the explanation for this?

The Hon. M.J. WRIGHT: In regard to the item that you have raised, the fees charged relate to the value of the projects, not to the number of the projects. That is why there is that difference.

Mr WILLIAMS: The footnotes say that the annual fee charged for risk management is the mandatory fee. Does that mean it is based just on value?

The Hon. M.J. WRIGHT: Yes, percentage of the value.

Mr WILLIAMS: It is stated that, before June 2003, some of the fees were fee for service. Why has there been a change?

The Hon. M.J. WRIGHT: We will need to get the exact detail for you on that.

Mr WILLIAMS: The reason behind the question is that I would like to know how the clients of DAIS know that they are getting value for money. It seems that you just charge a flat percentage and I am not too sure that is the way it would happen out in the real world.

The Hon. M.J. WRIGHT: I will put that in the response to you.

Mr WILLIAMS: I refer to Budget Paper 4, page 6.20. Does the government still support building maintenance services operating from the nine regional centres—Mount Gambier, Berri, Murray Bridge, Nuriootpa, Clare, Port Pirie, Port Augusta, Whyalla and Port Lincoln? Have the number of employees remained at least at the same levels as existed when this government came to office?

The Hon. M.J. WRIGHT: The first answer is yes and the second answer is that the services provided are still being maintained. With regard to whether there are the same number of employees, the advice I have been given is that generally it would be the same, but we would need to check to get those precise numbers and we will do that for the honourable member. Generally speaking, the advice I have

been given is that the numbers would be similar. Building maintenance provides \$20 million per year of minor works through regional contractors, subcontractors and suppliers. As the honourable member said, building management has country offices in those locations referred to. They are still there and I will not repeat them. As a part of our work, building management supports the graduate and traineeship programs and several trainees and graduates work in regional offices.

Mr WILLIAMS: I refer to Budget Paper 4, page 6.23, property management. Subprogram 6.3 involves a large number of residential properties, most of which undoubtedly would be for teachers and police officers in country locations. I am interested in how the management fees for commercial, non-commercial and residential properties are struck. While the net cost of this management is budgeted to be \$5.879 million—a profit to the government from this management function—the total figure charged seems to be a little over \$6 million. Can the minister explain how the management fees are struck?

The Hon. M.J. WRIGHT: The advice I have been given is that it is done on a cost recovery basis, that the full cost of providing the service is identified and charged, that agencies pay that amount, less the rental they receive from the tenants.

Mr WILLIAMS: I refer to Budget Paper 4, pages 6.26 and 6.27, subprogram 8.1, Service SA. Again there appears to be a discrepancy between the budgeted figure of the net program cost of \$2.109 million in last year's budget papers and supposedly the same figure shown as \$3.161 million in this year's budget papers. Is that change completely due to the transfer from DEH in September 2003 of section 7 functions? I am referring to the net program cost for subprogram 8.1, Service SA, which in last year's budget papers was listed as \$2.1 million and in this year's budget papers at \$3.16 million.

The Hon. M.J. WRIGHT: We do not have last year's budget in front of us, so it is hard to answer questions on it, but the officers think it is related to the transfer of the Port Augusta Service SA office, opened by the Premier. We will check that for the honourable member, but that is what we suspect it is.

Mr WILLIAMS: How many Service SA centres are now operating in South Australia, where are they located and when did each begin business? Is the original intention to roll out Service SA centres across regional South Australia to proceed? Will Service SA incorporate its services with the commonwealth funded rural transaction centres or has the government decided to expand Service SA as a telephone and web based service as per the minister's press release of last week?

The Hon. M.J. WRIGHT: What was the third part of the member's question?

Mr WILLIAMS: Is the intention to continue to roll these out in rural South Australia, including collocating with commonwealth funded rural transaction centres, or, as per your press release last week, do you intend it to be expanded as a telephone and web based service?

The Hon. M.J. WRIGHT: That was quite a detailed question, so I hope that I have the details covered, but please let me know if I do not. The Service SA centres are in Port Augusta, Whyalla, Gawler and Port Lincoln. We are exploring the option of additional Service SA centres in other regional areas. Rural transaction centres are also under active consideration. In relation to your reference to my press release about the call centre and the web site, that was

primarily, if not solely, aimed at the metropolitan area, making people aware of the services we are able to provide and they are able to tap into as a result of the call centre and the web site.

Referring to the member's earlier points, certainly we are exploring the option of further Service SA centres in regional areas, but there is no commitment at this stage. However, it is being looked at seriously, as are rural transaction centres, which would provide services beyond those in my press release—namely, the call centre and the web site—which were really aimed at the metropolitan area.

Mr WILLIAMS: I refer to Budget Paper 4, page 6.28, land services. The subprogram shows a net gain of \$18 million to the budget—that is, an estimated negative cost to the program of \$53 million, as opposed to a budgeted \$35 million cost—due to the buoyant property market. The budget figures indicate an expectation that revenues will be at least as high in the 2004-05 year, although the performance commentary forecasts a slight abatement. Why are revenues forecast to rise, or net costs fall, if a downturn is predicted in the property market? The performance indicators show a serious deterioration in the time taken to process both valuation objections and registrations on automated Torrens titles. Have any extra staff been allocated to these functions in recognition of the increased activity? If so, how many? If not, why not, considering there is \$18 million at least in extra lodgment fees, etc., and some additional \$260 million in property taxes, most of which has come from stamp duties on conveyances?

The Hon. M.J. WRIGHT: My advice is that the increased revenue is forecast to continue, because the costs are based on property value. In relation to the question relating to staff, I am advised that it has been able to be managed within existing resources. As part of work currently being done, there has been an increase in productivity, and new ways of going about their business have been identified and put into place. That is being managed successfully within existing resources.

Mr WILLIAMS: In relation to the same subprogram, with regard to the line for the automated Torrens land administration system, previous budget papers show that, of the \$17.46 million budgeted over the past four years, only \$8.96 million has been spent to implement this program. In light of the fact that the public are experiencing inordinate delays in having title changes processed, notwithstanding the huge windfall gains arising from the current property boom, is the project near completion? Will it streamline the processing of land title changes, whether they be a simple change of ownership or more complicated matters, for example, realignment of boundaries and a change of ownership?

The Hon. M.J. WRIGHT: My advice is that the ATLAS program is delivering land administration reform in South Australia via the development of a technology strategy for the progressive replacement of the LOTS system. The ATLAS program also improves access to services through the internet. The basic tenets of the Torrens Title system, such as protecting the interests of land ownership and provision of government guarantee of title, are preserved. I am also advised that the direct benefits delivered to the community are as follows:

- a defined technical architecture for the migration of LOTS. The LOTS system is the foundation system for land administration, holding all information relevant to the property rights of South Australian landowners;

- improved valuations, through both more accurate values and more efficient valuation processes;
- implementation of business reform of the land division process, which will reduce time from 60 to 45 working days for property developers to receive new titles through land services. Ultimately, this will realise a financial benefit of \$1.1 million per annum to the community for every week saved in land services;
- a defined and agreed industry position for a digital conveyancing system for South Australia that can be implemented in the next stage of the ATLAS program; and
- a system for survey to lodge land division plans electronically is in development.

Mr WILLIAMS: What has been the delay? Some \$17.46 million has been budgeted over the past four years and only about half that money (\$8.96 million) has been spent.

The Hon. M.J. WRIGHT: My advice is that there were some delays in the early days, and they related to the recruitment of staff. That caused a delay, which had a ripple effect of causing some delays in subsequent procurement, but the project is on track. An investment strategy, which should be due to go to cabinet later this year, will outline the investment required to put in place all the new processes.

The Hon. D.C. KOTZ: In relation to Budget Paper 4, Volume 2, page 6.31, the performance indicators advise the total of submitted police cases referred to Forensic Science SA each year. They show that in the 2003-04 financial year the actual figures were reported as 4 542 cases. The current financial year shows a target expectation of 4 500, with the estimated result at this point of 4 100 cases. Will the minister advise how many of the 4 542 referred cases in the previous year were processed to completion and how many of the current year's estimated 4 100 referred cases were processed to completion?

The Hon. M.J. WRIGHT: I suspect the honourable member is wanting to know whether we completed our task, which of course is separate from what the police do once they get it.

The Hon. D.C. KOTZ: That is right, yes.

The Hon. M.J. WRIGHT: My advice is that the great bulk of that would be completed. We will get the precise detail for the honourable member, but my officers are confident that it would be a very high percentage. Without knowing that specific figure at present, I will undertake to get the detail for the honourable member, but my officers are confident it would be a very high percentage.

The Hon. D.C. KOTZ: In relation to the same budget line, in the area of DNA database reference samples, the previous financial year shows some 1 600 submitted samples. The current year shows an estimated 9 200 samples. How many DNA database reference samples of the actual 1 600 were processed to completion for the 2002-03 year? How many were processed to completion of the 9 200 submitted in this previous financial year?

The Hon. M.J. WRIGHT: The advice that I have been given is that the figures you refer to would be completed DNA samples.

The Hon. D.C. KOTZ: Understanding that there have been huge changes because of the amount of legislation that has enabled more sampling to take place across the range, whether it be police cases, coronial cases or the database reference sampling, there has been a huge backlog of samples held within forensic science, and I know that both the government and the opposition are very keen to make sure

that this is an area that processes very efficiently to provide what we believe is one of the most efficient systems in terms of the range that DNA enables us to move through. But I am interested in whether the backlog cases are in fact being caught up, because we are also moving quite fast to pick up current samples, which then add to those held in the past.

Will the minister advise of the number of backlog cases in both police cases and in the DNA database reference samples, specifically addressing the backlog numbers that go back to 2002-03, 2003-04 and the expected backlog from the two categories for the 2004-05 year?

The Hon. M.J. WRIGHT: We will get that detail for you. The former shadow minister makes some good points and I thank her for doing so. They are important areas that she has identified. The member for Newland is right: she knows what she is talking about; they are very important areas and we will get that specific detail for her. Like her, I hope that it shows that some inroads are being made to catching up that backlog, because it is obviously important to do so as you are processing new information. I agree with her thoughts on that and would be happy to get that detail.

Mr WILLIAMS: My next question relates to Budget Paper No. 4, page 6.21. With regard to asbestos management in building maintenance, can the minister explain to the committee why removal and reinstatement of asbestos cladding on government buildings in country areas can no longer be carried out by local contractors, notwithstanding their having the appropriate licences? I am told that, in the case of one country school in which buildings are clad with asbestos sheeting, whenever the cladding is damaged (which occurs from time to time through normal activities in the school yard) the local contractor, who has the appropriate licences and who has been effecting repairs for many years, is now restricted to taping plastic sheeting over the damaged area and waiting for a contractor from Adelaide, which can take many weeks, to remove the damaged sheeting before he can effect the repairs.

The Hon. M.J. WRIGHT: I spoke earlier today about the significance and seriousness of asbestos, and I am sure that all members would agree with that. The government has taken a decision that only fully qualified people will be able to undertake some of this work. It is obviously a critical and very sensitive area and, for us, public safety is paramount. The government is considering adopting a system of pre-qualification for all asbestos removal contractors engaged in asbestos removal works in non-residential government buildings and, if we ultimately adopt it, it will provide an opportunity for some people to be able to work in this area.

Mr WILLIAMS: As a supplementary question, will the minister assure the committee that the pre-qualification will not be so onerous as to preclude contractors in country areas, who have been doing this work for many years, from being able to meet the standard? The person I have in mind already has the appropriate qualifications but suddenly has been told he can no longer do this work.

The Hon. M.J. WRIGHT: I can give that assurance, because there is no attempt here to differentiate between people in the metropolitan and country areas. Public safety is paramount in this type of work. Those people who have a limited licence currently cannot undertake this type of work. So, whether you are in the metropolitan area or in the country, what that pre-qualification will do is enable people with limited licences to undertake that work.

Of course—and I am sure that the member respects this—whether you are in the country or the metropolitan area, if

people are going to qualify to do this work under a system of pre-qualification, safety has to be paramount. That includes the safety of workers and the safety of people in the vicinity, in the general area and beyond. As we know (and this is no reflection on anyone in the country because, as I said, this is not a country or metropolitan issue—quite the opposite), we cannot be too careful when it comes to asbestos removal.

Mr WILLIAMS: I refer to Budget Paper 4, page 6.33: and this is from one of the drivers, minister. Why are the vehicles in the ministerial fleet which regularly travel in country areas not fitted with driving lights to reduce driver fatigue and decrease the chances of colliding with hazards such as kangaroos?

The Hon. M.J. WRIGHT: I think we have to be guided by expert advice in regard to this matter. In my former role as minister for transport I often came across issues where, for whatever reason, we all think we are experts when it comes to driving motor vehicles (myself included) and, if the truth were told, we are all mugs. Actually, I should not say that because clearly that is not the case: some of us are mugs. In regard to this particular matter, I know that a strong body of opinion has been put forward that the standard equipment serves us well. Certainly, that is the advice we have received from the vehicle manufacturers. We have also been advised that putting non-standard equipment in place may have an impact on the safety equipment of the vehicle, such as airbags. I suppose there are other areas as well—I am not aware of the technical details of that type of information. It may also be that there are safety issues for pedestrians. I would have thought that, generally speaking, with things of this nature we should be guided by the experts, and the experts are saying that the standard equipment is more than suitable and that there are some risks in deviating from it.

The Hon. D.C. KOTZ: Minister, I cannot help but say this: if you consider that those who drive those vehicles into the country areas are not experts, I think all of you are going to be at risk in the future.

The Hon. M.J. WRIGHT: That is a reasonable point that the former shadow minister makes, and I certainly echo those views. I think we have a very good fleet. We have a great bunch of drivers and I know ministers, former ministers and others who have the good fortune to have a car available rate our drivers very highly. But, just as we should not dismiss the thoughts of drivers, we also should not dismiss the advice that we are given by the vehicle manufacturers.

Mr WILLIAMS: Thank you for the answer, minister. It was put to me by one of the drivers, and I would be amazed if the vehicle manufacturers would give you advice that the lights were not adequate. However, we will leave it at that. I refer now to Budget Paper 4, page 6.36. The financial commentary on page 6.44 states that the reduction of DAIS cash balances by \$97 million is mainly due to the cash alignment policy. The financial performance statement on page 6.36 shows the figure of \$8.229 million as the cash alignment payment and a further \$103.051 million as 'other payments' to the South Australian government consolidated account. What was the amount paid from DAIS under the cash alignment policy, and what payments constitute the 'other' of the \$1.3 million, or the whole of it? What will the implication be to the net cost of agency programs due to the loss of revenue from the interest on this cash holding?

The Hon. M.J. WRIGHT: I think the Treasurer talked about this in a general sense during his estimates, but he may not have gone into the detail that I am about to go into. I can advise the member that, following discussions between the

Department of Treasury and Finance and DAIS, it was determined that DAIS was able to fund its 2003-04 operations largely from available cash balances held by the department. Funds paid to DAIS from the consolidated account in 2003-04 were, therefore, reduced by \$100 million in 2004-05. This means a once-off reduction in appropriation funding which has the effect of advancing the implementation of the government's cash alignment policy, which is being applied to government agencies from 1 July 2004.

The cash alignment policy is designed to eliminate cash balances accumulated by agencies in excess of their working capital needs. The outcome of the return of appropriation revenues is a net operating deficit for DAIS. I emphasise that the return of appropriation has had no effect on the delivery of DAIS' services, as there were sufficient cash reserves to fund operations. I understand that appropriation funding released from DAIS will be transferred to a number of other agencies pursuant to section 13 of the Public Sector Finance and Audit Act.

Mr WILLIAMS: Are you able to tell us the exact sum involved?

The Hon. M.J. WRIGHT: It is \$100 million.

Mr WILLIAMS: Most of that appears under the item 'Other' on page 6.36. Under the headings for revenue from and payments to the South Australian government it shows that 'cash alignment' is \$8.2 million, and 'Other' is \$103.051 million.

The Hon. M.J. WRIGHT: On page 6.36, which you referred to, the \$100 million comes in under state government appropriation. If you look at the 2003-04 estimated result and the 2003-04 budget, it comes in there. The reason it does not precisely show the \$100 million is that there have been other decisions by cabinet that move the money around. It is inside those figures.

Mr WILLIAMS: Under 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 those savings and reallocate them to other priorities? Or, does the new cash alignment policy mean that most of the savings are to be returned to Treasury?

The Hon. M.J. WRIGHT: The answer to the last part of your question—I stand to be corrected—is really a decision that would need to be made by cabinet with respect to the next budget. But, as the member is probably aware, DAIS accumulates cash, not because of overspends and/or under-spends but because it operates in a commercial environment. In regard to what I said earlier about the main part of the member's question, that would have to be a decision taken by cabinet at the time of the next budget.

Mr WILLIAMS: I guess the question is predicated on whether the new cash alignment policy works against efficiencies occurring as they come to light from time to time, as I am sure they do. If the department sees that it might be able to save a few dollars and it knows it is going to be returned to the Consolidated Account, it may not work as hard to make those savings. I refer to Budget Paper 4, page 6.44, and the financial commentary with regard to the State Fleet. The commentary states that the new arrangements for funding replacement vehicles for the State Fleet has largely resulted in the movement imbalances between financial years for plant and equipment, non-current payables, non-current interest-bearing liabilities, net assets and contributed capital. Does this mean—notwithstanding that the government hopes to make some savings here—that the budget bottom line is unchanged?

The Hon. M.J. WRIGHT: The advice I have been given is that what you have put to us is probably correct. It is about the same, and there is also a long-term expectation that the government will be able to do it more cheaply.

Mr WILLIAMS: I suspect that this will be the last question on this before we change to SA Water. Tracking the investment payments for controlled and administered items for the department over a number of years shows a significant downward trend in capital investment—excluding the \$111 million which we just discussed regarding state Fleet. For the year 2000-01, \$128 million was budgeted; for 2001-02 it was \$99.6 million; for 2002-03 it was \$81.2 million; for 2003-04 it was \$61.8 million; and in the budget for the 2004-05 year, excluding the \$111 million for the State Fleet, the figure would be \$42 million. It appears that the state's investment in government works is seriously diminishing, and I invite the minister to comment and, hopefully, to reassure the committee that the government will continue to invest in capital works.

The Hon. M.J. WRIGHT: The advice I have received is that this relates to the implementation of the government radio network program, and the officers will make some information available to the member so that he can see how the capital program separates out in respect of that issue. I think the last part of the member's question related to an ongoing commitment to capital infrastructure. Obviously, the government does have a commitment in that respect. As we all know, it is a very important part of the government's activity. The simple answer is yes. But the more detailed answer is that it relates to the implementation of the government radio network, and we will obtain some detail for the member that will clearly demonstrate that.

Mr WILLIAMS: I have some omnibus questions that I wish to read into *Hansard*.

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

2. Will the minister provide a detailed breakdown of expenditure in excess of \$5 000 on consultants in 2003-04 for all departments and agencies reporting to the minister, listing the name of the consultant, the cost, the work undertaken and the 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 expenditure into the financial year 2003-04?

5. For all departments and agencies reporting to the minister, what is the estimated level of underexpenditure for 2003-04 and has cabinet approved any carryover of that expenditure into 2004-05?

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

6.2. What is the estimate for 30 June 2004?

6.3. Between 30 June 2003 and 30 June 2004 will the minister list the job title and total employment cost of each

position (with a total estimated cost of \$100 000 or more) (a) which has been abolished and (b) which has been created?

7.1. What is the difference between consultants and contractors and how many people or services that were previously classed as consultants are now shown as contractors?

7.2. What is the value of their contracts and what are the services they provide?

Ms CICCARELLO: I move:

That the sitting of the committee be extended beyond 6 p.m.

Motion carried.

The CHAIR: We will now move to SA Water.

Additional Departmental Advisers:

Ms A. Howe, Chief Executive Officer, SA Water.

Mr P. Mendo, Chief Financial Officer.

Mr J. Williams, Acting Head of Water Services.

Mr P. Prodanovski, Group Financial Controller.

Mr WILLIAMS: I refer to Budget Paper 3, page 6.3. All my questions will relate to that reference. It is noted that water conservation measures and weather conditions have contributed towards reduced water sales. I note in asking the question that the Auditor-General's Report to 30 June 2003, at page 59, indicated that 'dry weather resulted in increased water sales of some \$24 million, which increased revenues by over 5 per cent'. What has been the reduction in water usage and has the agency done any assessment as to the relative contributions of the two factors mentioned in the budget papers, that being water conservation measures and weather conditions? If so, what are the relative impacts of each?

The Hon. M.J. WRIGHT: The advice that I have been given is that, to the end of May 2004, metropolitan Adelaide customer billed consumption was 5 per cent below budget. As you would know, that is 8 gigalitres, and that equates to \$7 million in reduced revenue and relates to a number of factors including the impact of water conservation measures and weather conditions. The metropolitan Adelaide customer consumption forecast for the 2003-04 financial year is a reduction of 5 per cent, an \$8 million reduction in revenue.

The shadow minister's second question, which relates to those two factors of water conservation and weather, was whether there is a breakdown of those figures. The advice that I have received is that there is not. The advice that I have been given is that, for a single year, that is not possible to do.

Mr WILLIAMS: Does SA Water still actively market water to irrigators where water can be delivered during the winter months to on-farm storages, for example, utilising excess pumping and delivery capacity to deliver water purchased from the River Murray swamps at Murray Bridge? Do the restrictions applying as water conservation measures to home gardeners also apply to commercial irrigators who receive their water from SA Water?

The Hon. M.J. WRIGHT: The advice that I have been given is that the answer to your first question is yes, and that is obviously related to our spare capacity. In answer to your second question, the conservation measures do not apply to the irrigators but the water restrictions do apply. As you know, they are slightly different.

Mr WILLIAMS: Can you clarify your last comment? I take it that the answer is that the restrictions that apply to

domestic users are not imposed on irrigators, notwithstanding that they get their water from SA Water.

The Hon. M.J. WRIGHT: Correct.

Mr WILLIAMS: The budget paper notes that SA Water is expecting a fall in revenue due to a 2 per cent reduction in water sales as a result of the water conservation measures. It contemplates the effect of this on profits over the 2004-05 to the 2007-08 period. Does this indicate that SA Water predicts that the government's water conservation measures will save 2 per cent of water usage over this period?

The Hon. M.J. WRIGHT: I am not sure this will necessarily answer your question, so do not hesitate to come back. The advice I have been given is that the prediction is a conservative estimate. We believe that the water conservation measures will result in a reduction in use of 5 per cent and that will result in a reduction in revenue of \$8 million, which I have already referred to. With the 2 per cent you are talking about, if you can draw it to our attention I am happy to get further advice.

Mr WILLIAMS: I refer to Budget Paper 3, page 6.3, which near the top has a heading 'SA Water' and states in the second paragraph:

SA Water will face pressure on its revenue base over the estimates period from water conservation measures introduced decreasing water sales by 2 per cent.

And it goes on. Is it 2 per cent or the 5 per cent figure talked about? The Department of Water, Land and Biodiversity Conservation talks more of 5 per cent.

The Hon. M.J. WRIGHT: I concur in that. The figure is a conservative estimate. We think it is more likely to be around 5 per cent.

Mr WILLIAMS: It is stated that the high levels of property development have led to an above budget profit in 2003-04 in spite of reduced water sales. Does this indicate that the SA Water charges for new works and augmentations are excessive and, if not, what is the explanation? What profit margin does SA Water make on its delivery works, that is, supplies, pipes and so on to new subdivisions and so on?

The Hon. M.J. WRIGHT: I thank the honourable member for his question, to which there are three parts. To the first, as to whether the new works and augmentation charges are excessive, the answer is no. The second was: if that is not the case, what is the reason? The reason is the volume of work undertaken by SA Water. Thirdly, in regard to the charges, as the honourable member would be aware, there are a variety of charges. We can provide that level of detail. It may be of interest that, in line with other government charges, an agreed additional 3.8 per cent was provided for.

Mr WILLIAMS: The fees have increased by 3.8 per cent this budget?

The Hon. M.J. WRIGHT: Yes.

Membership:

Mrs Penfold substituted for Mrs Hall.

Mr WILLIAMS: Some years ago the water rating system for residential clients in South Australia was changed to remove the nexus between property values and water rates. Now water charges for domestic use are based on a two tiered system, one being a supply charge and the other being a usage charge. Currently SA Water is changing the system with regard to commercial customers, who are still charged a rate on their property valuation, part of which is offset against their usage fees. This has built the notion of free water. The

changes that have been made have been driven I understand by national competition policy. Why does not the government institute a system for commercial water users that is like the system now used for domestic clients?

The Hon. M.J. WRIGHT: The advice I have been given is that we are in fact doing that. It is, however, a staged approach. We can get the detail for the honourable member as to when it is due for completion or when the commercial system will be operating, as the member has said, like the residential system. Certainly, SA Water is heading in that direction, but it is a staged process.

Mr WILLIAMS: SA Water still bases its sewerage charges on property values, with a minimum quarterly fee of \$62.75. With the rise in property values, sewerage rates have become exorbitant for some citizens in areas where relative property values have increased by much more than the average. I am told that people are paying thousands of dollars a year in sewerage rates. Will the government consider altering the sewerage rates system to one that operates similarly to the residential water rates system? I am informed that this system is used in Victoria, where the variable part of the fee is based on metered water usage.

The Hon. M.J. WRIGHT: I am not sure of the details in Victoria to which you refer, but we do not intend to do it that way. Sewerage rates for 2004-05 are yet to be announced. However, the scales and minimum rates for 2004-05 will be gazetted before the end of the month. It should be recognised that, despite a general belief in the community that increases in property values automatically flow on to increased sewerage rates revenues for SA Water, this is simply not the case. The scale or rates in the dollar applied to determine sewerage rates is adjusted each year to take account of the general movement in property values, and that is a very important point that needs to be put into the mix of the debate.

Sewerage rates incurred by individual customers may, however, be affected by any variation in the movement of their property values relative to the average. The provision for general movement in property values can be clearly illustrated by the scale applied to metropolitan residential properties, which fell from 0.00220 in 2002-03 to 0.00189 in 2003-04, despite providing for a 3.9 per cent average increase in charges in 2002-03. It is also important to note that a minimum charge applies to approximately 40 per cent of residential customers, regardless of the value of their property.

Mr WILLIAMS: I take it that the government has no intention of providing relief to those householders in the CBD of Adelaide who, in many instances, have lived in their home for many years, and sometimes for a lifetime, and whose property values, relative to other properties, have risen exorbitantly. Has the government any intention of providing any form of relief to those householders?

The Hon. M.J. WRIGHT: No; that is not correct. I refer the honourable member to my earlier answer, and I will read it to him again: the scale or rates in the dollar applied to determine sewerage rates is adjusted each year to take account of the general movement in property values.

Mr WILLIAMS: I take your point, minister.

The Hon. M.J. WRIGHT: I have not finished. In itself, that mechanism provides relief. It may be that we do not use the barometers or the measurements that the member would like us to, but that mechanism does provide relief. Of course, I also gave a specific example that highlighted that very

point. I do not accept the tenor of what the honourable member has put to me.

Mr WILLIAMS: What is the rationale behind the massive increase in charges to liquid waste contractors for dumping septic tank waste into SA Water treatment plants? I am told that, last July, the fee at the Christies Beach treatment works rose from \$1.40 per kilolitre to \$25 per kilolitre and that it will rise further to \$97 per kilolitre. Is the same fee charged right across the state? Can septic tank waste be disposed of at all treatment plants across the state and, if not, why not? Does the government not consider that there is a community service obligation to ensure that householders using septic tank systems are encouraged to have them maintained to ensure that there are no health breakdowns?

The Hon. M.J. WRIGHT: The first part of the question—and I guess the most important part—is that it is simply a matter of cost recovery. The question had three or four barrels, and one was whether the same fees are applied across the state. The answer is that they vary in different treatment plants. What was the next question?

Mr WILLIAMS: Do all treatment plants provide the service?

The Hon. M.J. WRIGHT: No; because there needs to be specific facilities for trucks coming in to dump the sewerage.

Mr WILLIAMS: The policy seems to me to be encouraging health risks. I am told by contractors that, because of increased costs, householders are not having their septic tank systems serviced as regularly as they should. The question was: does the minister consider that SA Water has a community service obligation to provide the service at a realistic or reasonable cost?

The Hon. M.J. WRIGHT: My advice is that the allegations put to the shadow minister are not correct. That is certainly not the evidence SA Water has before it.

Mr WILLIAMS: I will pass that information on to the complainants.

The Hon. M.J. WRIGHT: Please do.

Mr WILLIAMS: Does SA Water have a replacement strategy to ensure that its water delivery infrastructure remains efficient? What is the leakage from SA Water infrastructure on an annual basis?

The Hon. M.J. WRIGHT: The answer to the first part of the question is: yes. My advice in relation to the leakage on an annual basis is that SA Water endeavours to minimise water losses and repair leaks from water mains as soon as possible. The highest priority is assigned to bursts where supply to customers is lost or property might be damaged. In the metropolitan area such incidents are attended within one hour, with the first priority given to shutting off the flow. It should be noted that the largest number of leakages from the water supply system are more minor in nature and stem from leaking valves and fire plugs, as well as service connection pipes to properties. In 2003 additional resources were assigned in the metropolitan area to improve responses to such leaks, with the result being that since July 2003 there has been a 50 per cent improvement in the response to leaks on a daily basis.

In country areas the priority to attendance to leaks was given an increase in harmony with water conservation practices. The Water Services Association of Australia recognises that in a large system some leakage is unavoidable and, based on this premise, has introduced an infrastructure leakage index, comparing actual leakage with unavoidable leakage. An ILI of one therefore represents best practice and suggests that all unavoidable leakage has been overcome.

Leakage losses from Adelaide's mains water system in 2002-03 are estimated at 12 000 megalitres per annum which is 6.7 per cent of the water supply and which gives an ILI of 1.2. This comparatively low level of leakage puts Adelaide well ahead of most of the world's developed cities. Over the past two years, SA Water has conducted trials on locating and repairing slow leaks from pipes and fittings that are not apparent at the surface. A pilot leakage reduction program for Adelaide, to be conducted in conjunction with United Water, is planned for the coming 12 months.

Mr WILLIAMS: In relation to the previous question, the minister's answer was that there are different charges across the state for the dumping of septic tank waste at SA Water facilities and that only some facilities provide that service. Will the minister provide the committee with the relevant information on those charges and which facilities provide the services?

The Hon. M.J. WRIGHT: We will get that detail.

Mr WILLIAMS: Will the minister explain how the dividend policy works for the public non-financial corporations sector?

The Hon. M.J. WRIGHT: I can certainly do that in relation to SA Water. The corporation's contribution to government comprises dividend and income tax. It has been agreed with government that the contribution shall be calculated as follows: total earnings—cash—before interest depreciation and tax less stay-in-business capital expenditure is \$40 million allowed per annum; contribution to government is 55 per cent of EBITDA (earnings before interest depreciation and tax) minus stay-in-business CapEx. Using 2004-05 budget numbers, EBITDA is \$453 million less SIB CapEx \$38 million; total available for distribution of \$415 million at 55 per cent equals a total contribution payable of \$228 million; and the actual cash dividend agreed is \$246 million. The variance of \$18 million relates to special dividends requested by government.

Mrs PENFOLD: My question relates to Budget Paper 5, page 48. What has the government done about amending the 1870 legislation that excuses Adelaide City Council and Port Adelaide Enfield council areas from receiving their water free?

The Hon. M.J. WRIGHT: Discussions are taking place with respect to that issue. Primarily, that is being undertaken under minister Hill's portfolio responsibility. Having said that, whether it relates to this particular issue or other issues, both minister Hill and I, and representatives from other departments, meet on a regular basis. Obviously, it is important that, whether it be this issue or other issues, we take a global approach to these issues. Discussions are currently under way. I am not sure how advanced they are, but certainly discussions are under way.

Mrs PENFOLD: It was announced in *The Advertiser* some months ago; that is where I read about it.

Ms Ciccarello interjecting:

Mrs PENFOLD: It makes people in my electorate angry, because they have been conserving water for many years. In relation to Budget Paper 3, page 6.3, will the minister advise the cost of prevention measures undertaken on Eyre Peninsula, in particular at Ceduna, to ensure that there will be fewer pipe bursts in the coming summer?

The Hon. M.J. WRIGHT: I do not have the detail of the costs but I can check that, and I will be happy to provide additional information, if that is possible. The honourable member would be aware that some solid work is being undertaken. Obviously, this is an important issue and a

sensitive one. I think that more work needs to be done to ultimately come forward with a foolproof solution, but the advice I have received is that the pressure reducing valve is being planned for next summer.

Mrs PENFOLD: As a supplementary question, what additional staff, if any, is SA Water employing on Eyre Peninsula to assist the existing staff, some of whom have been working up to 33 hours straight attending to breakages and other issues across the electorate?

The Hon. M.J. WRIGHT: No additional staff, but we use contractors to supplement our existing staff and will continue to do so.

Mrs PENFOLD: Referring to Budget Paper No. 5, page 43, can the minister advise the cost of desalination trials that have been undertaken at the Todd reservoir near Port Lincoln and can he also advise whether the Todd reservoir is capable of filling to 100 per cent or is there a fault in the wall causing capacity to be significantly reduced?

The Hon. M.J. WRIGHT: The advice that I have received is that we would need to get for you the cost of the trial so far. It is part of the \$25 million that is in the budget, but I do not have the cost of the trial so far. In regard to the second part of the question, the advice that I have been given is that there is no restriction on the filling of the dam.

Mr WILLIAMS: Regarding the proposal to supply irrigation water to grape growers in the Clare district, it is my understanding that the Department of Water, Land and Biodiversity Conservation has identified subcatchments for which it does not recommend the use of imported water. Initial expressions to SA Water indicated that growers would take up about 1.8 gigalitres of water per annum if SA Water could supply it. I understand that SA Water took a conserva-

tive approach and sought approval for a scheme based on grower requirement for 1.4 gigalitres per annum. Grower interest currently stands at about 2.3 gigalitres per annum, of which about 1.2 gigalitres would be used in the subcatchments not recommended for use of imported water by the Department of Water, Land and Biodiversity Conservation. What is the current position of growers in the Clare district and what is the viability of the scheme if only 1.1 gigalitres is used by growers?

The Hon. M.J. WRIGHT: The advice that I have received is that the final position regarding the volume of water that will be used for irrigation cannot be determined until growers and the DWLBC have assessed the impact of imported water used by individual growers in terms of the permit and licence requirements under the Water Resources Act. However, the current assessment by SA Water is that a combination of town and irrigation demand, potential for new customers in the future and, if necessary, community service obligation funding will provide a return to SA Water investment in the longer term while addressing the social and economic benefits anticipated when the scheme was first considered four years ago.

The other thing that I would like to share with the honourable member is that PIRSA, the DWLBC and SA Water are working with the Eyre Creek catchment area to develop some proposals that ultimately would be acceptable to the DWLBC in regard to this area and the issues that are obviously a part of it.

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

ADJOURNMENT

At 6.33 p.m. the committee adjourned until Wednesday 23 June at 11 a.m.