

**HOUSE OF ASSEMBLY****Thursday 28 June 2007****ESTIMATES COMMITTEE B****Acting Chairman:**

Mr J.R. Rau

**Members:**

Ms F.E. Bedford  
 The Hon. R.G. Kerin  
 The Hon. S.W. Key  
 Mr M. Pengilly  
 Mr D.G. Pisoni  
 The Hon. L. Stevens

*The Committee met at 11 a.m.*


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South Australian Tourism Commission, \$46 642 000  
 Minister for Tourism, \$5 277 000

**Witness:**

The Hon. J.D. Lomax-Smith, Minister for Tourism.

**Departmental Advisers:**

Mr A. Kirchner, Chief Executive Officer, Adelaide Entertainment Centre.

Mr T. Pavic, Finance Manager, Adelaide Entertainment Centre.

Mr A. Gilbert, Chief Executive Officer, Adelaide Convention Centre.

Mr C. Stubbs, Director, Finance, Adelaide Convention Centre.

Mr B. Spurr, Chief Executive, South Australian Tourism Commission.

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

**The CHAIR:** The estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an appropriate time for consideration of proposed payments to facilitate the changeover of departmental advisers. I ask the minister and the lead speakers for the opposition to indicate whether they have agreed on a timetable for today's proceedings and, if so, provide the chair with a copy.

**The Hon. J.D. LOMAX-SMITH:** I do not know that we have a copy, but I understand we agreed to have the centres (Entertainment and Convention) first, and then move on to the substantive issues so that the officers from those organisations could leave at the earliest opportunity.

**The CHAIR:** Is that agreed?

**Mr PENGILLY:** Absolutely.

**The CHAIR:** The time for the examination of those lines is 11 a.m. until 1.30 p.m. Changes to committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 7 September.

I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each if they wish to do so. There will be a flexible approach to giving the call for asking questions, based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not a member of the committee may at the discretion of the chair ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*.

There is no formal facility for the tabling of documents before the committee. However, documents can be supplied to the chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response. I also advise that for the purposes of the committees there will be some freedom allowed for television coverage by allowing a short period of filming from the northern gallery.

I declare the proposed payment open for examination and refer members to the Budget Statement, in particular pages 2.19 and 2.20 and Appendix C, and the Portfolio Statement Volume 3, Part 10. I call on the minister to make a statement, if she wishes

**The Hon. J.D. LOMAX-SMITH:** I will make a statement at the opening of the session that will cover the whole portfolio rather than make individual statements at the start of each sub-element. I will begin my statement which, as I say, will cover all entities within the portfolio. The South Australian budget for 2007-08 reflects a wide range of strategic investments and initiatives to support our vital tourism industry and, in turn, encourage South Australian jobs and regional economic growth. In partnership with the industry, the South Australian government will continue to build on South Australia's strengths to increase the state's appeal to key markets, both locally and internationally. Our shared objective is to attract more visitors to enjoy South Australia, stay longer and spend more. The budget provides for new investments in domestic and international marketing, as well as strong support for events and festivals. The budget also delivers ongoing funding for tourism, infrastructure and product development in the key areas of food, wine and nature-based tourism. These investments will deliver immediate and long-term benefits for the industry and South Australia's economy.

In recent times we have witnessed record numbers of international visitors. The international visitor survey for the 12 months ending March 2007 shows that more international tourists visited South Australia last year than ever before. Increased numbers of domestic visitors experiencing South Australia's brilliant blend of attractions and regions have also come to this state. The biggest event ever held in the state was our hosting of the 2007 World Police and Fire Games, attracting more than 11 000 visitors and generating more than \$32 million in economic benefit for the state. More successful events with not just those games but other events such as WOMADelaide, the Adelaide Film Festival, and Clipsal 500 put South Australia in the international spotlight, giving our state a competitive advantage for future international marketing. Both the Adelaide Convention Centre and the

Adelaide Entertainment Centre had record breaking years in 2006-07. The Convention Centre hosted 612 events in 2006-07, including 41 events with 1 000 or more delegates. Estimated turnover of \$25.4 million for 2006-07 is the highest in the Convention Centre's 20-year history.

The Adelaide Entertainment Centre had a stellar year, with revenue for 2006-07 exceeding \$12 million, with the AEC hosting 63 publicly ticketed performances—an increase of 43.2 per cent over the 2005-06 year. Strong growth in visitation was supported by the government's multi-million dollar investment in 2006-07 in world-class sporting, arts and cultural events, all proven drawcards for international visitors.

Other achievements in 2006-07 include a reinvigorated state-of-the-art tourism website and successful marketing campaigns both domestically and overseas. We also achieved strong growth in international airline passenger numbers in 2006 over the previous year. While this is a tough competitive market, the 2007-08 budget provides for further growth to build on a solid foundation. In particular, the 2007-08 budget provides \$21.175 million to support domestic marketing, including additional ongoing funding of \$750 000 for new domestic marketing activity targeting New South Wales, Victoria and south-eastern Queensland. A central aim will be to promote regional South Australian destinations and holidays.

We will provide \$7.783 million to support international marketing, including additional ongoing funding of \$750 000 to continue the television marketing campaign in New Zealand, and the successful cooperative marketing campaigns undertaken with Singapore Airlines in key international tourism markets. We will invest an extra \$100 000 to support the 75th anniversary of the Credit Union Christmas Pageant. In addition, we will support major sporting, cultural and arts events including WOMAdelaide and the mass participation events for which South Australia has such a high reputation.

**Ms BEDFORD:** Callisthenics.

**The Hon. J.D. LOMAX-SMITH:** Callisthenics, indeed. But that is not a major supported event.

**Ms BEDFORD:** It is a major event.

**The Hon. J.D. LOMAX-SMITH:** It is a major event. These supported events this year will be coming up with the Australasian Masters Games and the World Amateur Golf Team Championships. We will also be delivering \$2 million for tourism infrastructure projects through ongoing major and minor tourism development funds.

The states new brand, 'South Australia—A Brilliant Blend' is now an integral part of the South Australian Tourism Commission's advertising and promotions and is supported by the industry. As part of our strategic approach to marketing in South Australia, the brand has been adopted by a range of government agencies to provide a consistent and dynamic state branding identity.

In 2007-08, we will continue to build on the brand strength to deliver the message that South Australia is a great place to visit, live, work, invest and be educated. I take this opportunity to thank members of the tourism industry, including the fabulous staff of the SATC, for their contribution to building effective partnerships between government, business and industry and the best interests of tourism and South Australia's future prosperity. I look forward to working with the industry and across government agencies and to further develop a South Australian tourism industry that is a major catalyst for economic and community development in our state.

I also note that today is the last estimates hearing at which our CEO Bill Spurr will be in attendance. He has led much of the reform and change over the past decade, but has also had a key role in major events and the Adelaide Convention and Tourism Authority. He has had an extraordinary impact on the regions, where he is known and respected, where he has understood local issues and economic development problems that affect regional South Australia. The results of all the statistics in the past quarter have been absolutely stellar and he is certainly leaving the helm on a high. Of course he is not retiring but is going on to support tourism in other ways: in the private sector, still being involved with the Entertainment Centre, with the arts through the Festival Centre and the key tourism market which is the edu-tourism sector as chair of Education Adelaide, so his support will still be helping industry and the community in future. I thank Bill Spurr. He has been a stellar contributor, a great South Australian, a fabulous public servant and a very good friend to many in the industry.

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

**Mr PENGILLY:** Yes, Madam Chair. Unfortunately the minister has stolen some of my speech. I endorse the minister's remarks about retiring CEO, Mr Bill Spurr. I have known Bill for a number of years now and I can only comment most favourably and with much gratification on his extraordinary efforts for tourism in South Australia, and I praise the minister for her words at the farewell function at the Entertainment Centre a couple of nights ago with the industry. Bill is going on to greater and better things and will have an involvement in state tourism. He is becoming a board member of SeaLink, which is close to my heart, being the passage across which I travel quite regularly.

Bill has always been fantastic with the regions particularly, as the minister indicated. He has a deep knowledge of what is required with respect to regional tourism, and he understands how it pans out from the metropolitan area and intricately works together. Bill has always been just a phone call away. He has always been most pleasant, and his mood never changes (unlike others whom we know well). He is always the same: he is pleasant-natured, polite and quick on the uptake. He drills down into things in his own discreet way to find out just what is needed around regional South Australia and also in the metropolitan area. Generally speaking, he is able to deliver on those issues as they arise and as they need attention in relation to government funding.

I am very pleased that Bill and Helen are staying in the state (I do not think they want to leave, anyway), and I wish them well in the future. We will more than likely see Bill as we travel around the state. I am sure that the tourism industry in South Australia, in particular, will remember for many years his time at the helm. Bill has served under a number of ministers and governments and has done so with aplomb, and I would like to place on the record my thanks for that.

I now turn to the budget. I am most disappointed that, since 2002, we have had successive cutbacks in tourism and tourism marketing areas in the budget. I think it is beholden on the government to revisit that matter (it seems to have revisited a couple of things in the last day or so). I think it is a wrong move to cut back money in the tourism sector. It is a huge employer, and it needs that financial grunt from the government to keep it going. The private sector cannot do everything. Being involved in tourism in the private sector is extremely hard work. I have been involved in it, and I know

just how hard it is. The margins are small, and people put in extraordinarily long hours.

I think the government needs to put far more emphasis on the marketing side of it instead of juggling things around and taking from here and there. I refer, in particular, to the Events SA budget, which has been cut by some \$475 000. I think that is a serious mistake. It will make it very difficult for South Australia—and for the hardworking staff, in particular—to go out and bid for additional attractions to come here, and I think that is wrong. Not enough money is going into marketing, and it is so critical.

Last year, we hosted the Australian Tourism Exchange in South Australia, which was terrific. However, it is unlikely that we will get it again for some time: it is a once-off event. The other states seem to have a mortgage on being able to attract it. There are various reasons for that, but the main one is probably money. This leads to the question of what to do with the Convention Centre, in terms of size. Despite the fact that extensions have been added, clearly, it is not big enough to cater for large-scale events, of which South Australia needs to attract more.

I wish to put on the record the fact that the opposition is concerned that tourism is not receiving its fair share of the cake. As I said earlier, I think it is beholden on the government to revisit that matter and do something about it. I ask the minister to take my comments on board in the way in which they are intended and go on to do that. I will now read into *Hansard* the omnibus questions:

1. Will the minister provide a detailed breakdown of the baseline data that was provided to the Shared Services Reform Office by each department or agency reporting to the minister, including the current total cost of the provision of payroll, finance, human resources, procurement, records management and information technology services in each department or agency reporting to the minister, as well as the full-time equivalent staffing numbers involved?

2. Will the minister provide a detailed breakdown of expenditure on consultants and contractors in 2006-07 for all departments and agencies reporting to the minister, listing the name of the consultant and contractor, cost, work undertaken and method of appointment?

3. For each department or agency reporting to the minister, how many surplus employees are there as at 30 June 2007 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 2005-06 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2006-07?

5. For all departments and agencies reporting to the minister, what is the estimated or actual level of under-expenditure for 2006-07 and has cabinet already approved any carryover expenditure in 2007-08? If so, how much?

6. (i) 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 2007?
- (ii) Between 30 June 2006 and 30 June 2007 will the minister list job, title and total employment costs 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. For the years 2005-06 and 2006-07, will the minister provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister listing the name of the grant recipient, the amount of the grant and the purposes of the grant and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

8. For all capital works listed in Budget Paper 5 that are the responsibility of the minister, would the minister list the total amount spent to date on each project?

**The Hon. J.D. LOMAX-SMITH:** In view of the fact that we do not have questions on this matter from our side of the committee, I think the member for Finnis might like to take the lead on the Entertainment Centre.

**The ACTING CHAIR:** Is the member happy with that?

**Mr PENGILLY:** Absolutely. I refer to Budget Paper 3, page 6.6, table 6.2: 'Financial flows between major government business and the general government sector'—the subsidy column. The Entertainment Centre's core business is events. Can you advise me how many events were held last financial year and how many are expected to be held in 2007-08? I also have a second question.

**The Hon. J.D. LOMAX-SMITH:** These are ticketed events or let? The arena lettings or ticketed events?

**Mr PENGILLY:** Ticketed events.

**The Hon. J.D. LOMAX-SMITH:** I said that there were 63 ticketed events last year.

**Mr KIRCHNER:** In relation to the publicly ticketed events for next financial year, I will have to take that on notice.

**Mr PENGILLY:** That's okay. Again I refer to the same budget line. Secondly, in the table on page 6.6 it appears that the Entertainment Centre will not require a subsidy. Does this mean that the Entertainment Centre is making a profit?

**The Hon. J.D. LOMAX-SMITH:** I think there are accounting measures and depreciation that sometimes blur that effect, but the reality is that we have had a bumper season related perhaps to the state of the dollar, relative peace around the world, which has encouraged more people to travel to perform in Australia, and the fact that there has been some really good marketing. We are clearly booming in terms of the Entertainment Centre's activities. Also I should say that there has been a significant impact from non-performance use of the Entertainment Centre in terms of other events rather than ticketed events and, on top of that, there is a major development on the site. There has been a lot of activity and good management, but I will pass to Mr Kirchner who will explain how the profit line works.

**Mr KIRCHNER:** This financial year we are expecting to make a gross operating profit of \$3.2 million. After our property expenses, we are expecting to make just over \$2 million, and then, following appropriations and profits from the sale of land, we are estimating a profit of over \$4 million but, in total, after depreciation, this financial year we are expecting to make \$2 million. Comparing that to our previous financial year, again net operating profit after property expenses (which is what we focus on very much as a management team and the board in terms of delivering an operating profit to ensure that we are not a burden on the taxpayers of this state) was \$427 000. Next financial year we are budgeting for a net operating profit (again after property expenses) of approximately \$711 000. We are not reliant on

a government appropriation to operate the Adelaide Entertainment Centre.

**Mr PENGILLY:** Minister, the sale of land was mentioned in the answer? Could you please flesh that out a little further? It is the same budget line. Where is that land going; where has it gone; and what amount has it been sold for?

**The Hon. J.D. LOMAX-SMITH:** I think it is true to say that the land has not moved: it is still in the same location and I am optimistic that it will not be going anywhere in the future either. I can tell this committee with absolute certainty that that land is where it is and it will be staying there.

**Mr PENGILLY:** That is interesting, but I would like to know to whom it has been sold, for what purpose and which area, minister.

**The Hon. J.D. LOMAX-SMITH:** The land in question is the area around the Entertainment Centre building. It is a most fabulously located car parking area and, of course, on one corner of the landholding there are buildings—small shops and a very good pub. The area in question is the very site on the corner, which, as you would have seen in driving past, is now the location of a development for a television station. That is quite an appropriate use of the land because it is in the entertainment sector. There will be good opportunities for the occupants of those buildings to use both the local pub and restaurant and some of the Entertainment Centre facilities. It is a good shared use of that land and uses a car parking area, which anyone driving past would have noticed is only used spasmodically.

**Mr PENGILLY:** And the amount, minister?

**Mr KIRCHNER:** The amount of land?

**Mr PENGILLY:** No, the amount that was gained by the government for the sale of that piece of land.

**Mr KIRCHNER:** I have that figure in front of me. However, I ask that I take that question on notice as I do not fully understand the requirements in relation to confidentiality. Obviously it is a significant sum and our advice was that it was well above market value, but of course that information will be made available.

**The Hon. J.D. LOMAX-SMITH:** We will take it on notice and give you a precise answer.

**Mr PENGILLY:** I appreciate that and I respect the confidentiality component. My follow-up question is on the same budget line. Did that money go into the Entertainment Centre's account or did it disappear into general revenue?

**The Hon. J.D. LOMAX-SMITH:** That is not on a budget line and it is money that will be used at some stage for redevelopment.

**Mr PENGILLY:** The sale of the land, minister, is in the budget line, so the amount of money that has come out of that should appear somewhere. I am questioning whether it has stayed with the centre or gone to general revenue. I am happy to take that on notice, minister.

**The Hon. J.D. LOMAX-SMITH:** We will take it on notice because I am not sure that it is in the budget lines.

**Mr PENGILLY:** I refer to Budget Paper 3, page 6.6, table 6.2: 'Financial flows between major government businesses and the general government sector'. Minister, the Adelaide Convention Centre holds conferences and conventions—

**The Hon. J.D. LOMAX-SMITH:** Are you going to talk about the Convention Centre?

**Mr PENGILLY:** On the agreed schedule, it is the Adelaide Entertainment Centre and the Adelaide Convention Centre.

**The Hon. J.D. LOMAX-SMITH:** I ask the member whether we can finish the items relating to the Entertainment Centre because the officers are from a different organisation.

**Mr PENGILLY:** Certainly. I have concluded my questions on the Entertainment Centre, I apologise.

**The Hon. J.D. LOMAX-SMITH:** Would you mind repeating the question, now that we are all in place?

**Mr PENGILLY:** I refer to the Budget Statement at page 6.6 and table 6.2, financial flows between major government businesses and the general government sector. The Adelaide Convention Centre holds conferences and conventions and my questions to the minister are:

1. How many have been held in the past financial year?
2. How does this compare with the previous financial year?
3. What bookings are held and pencilled in for the next financial year?

**The Hon. J.D. LOMAX-SMITH:** I think there are various breakdowns for that question because it depends what you mean by major events. I will ask Mr Gilbert.

**Mr GILBERT:** We had 612 events in total. It is a slight decline from last year, but the focus has been on the major events, the core business which we see as bringing delegates into the state and, on that basis, we had an extra one event over last year, but the increase in revenue was substantially better. In terms of the forthcoming year, we will continue to concentrate on that core business and interstate business and international business. The outlook for the forthcoming year is good in that we have, at the moment, 45 interstate events and seven international events expected to come in.

**Mr PISONI:** This is on the same budget line but is an expansion on the comments made that the core business is bringing people into the state. If your core business is bringing more people to the state, do you work in conjunction with the management of the Adelaide Showgrounds (particularly now that they are getting their new facility, as announced by Senator Nick Minchin a month or two ago)? If your facilities are not suitable, do you work with them in order to ensure that the functions are held in South Australia rather than moved elsewhere? Could you explain just how broad your brief is, and are you confined to offering only the Convention Centre?

**The Hon. J.D. LOMAX-SMITH:** The facilities within South Australia are extraordinarily collaborative. I should pay tribute to Mr Gilbert because he is particularly good at working across function areas. We have a very good relationship with the Festival Centre, the Entertainment Centre, and all the activities. It is quite clear that there is overseas marketing by a range of bodies. It is imperative that when we promote Adelaide we promote Adelaide itself.

In the old days, before Education Adelaide was developed, you would see universities and TAFEs set up as a particular TAFE college, and Flinders and the University of South Australia, without a sense that they were actually in the same place. In terms of branding, you have to promote the destination as well as the venue, and I think that is being done very effectively.

**Mr PISONI:** The question was specifically regarding the showgrounds.

**The Hon. J.D. LOMAX-SMITH:** It is quite clear that there are some venues that have a competitive edge in that they are speaking to the same market. However, having said that, there are instances (and I know this occurs) where an event is not able to book into one venue and is sent to another, and also where there are joint bids across areas. In

terms of the showgrounds, there was a very strong possibility at one stage that the ATE might have been held there, when there was a view that the Convention Centre was unable to accommodate its needs.

**Mr PISONI:** The what?

**The Hon. J.D. LOMAX-SMITH:** The Australian Tourism Exchange (ATE). I saw a very collaborative approach whereby the two venues were both able to promote what they could offer. At the end of the day, they are still in competition with each other, but they are all on the side of South Australia.

**Mr PISONI:** So the government-owned Convention Centre does compete with the private sector in South Australia?

**The Hon. J.D. LOMAX-SMITH:** The showgrounds are not the private sector.

**Mr PISONI:** It is non-government, minister.

**The Hon. J.D. LOMAX-SMITH:** It is not actually a for-profit private sector organisation either, as far as I understand.

**Mr PISONI:** It is non-government.

**The Hon. J.D. LOMAX-SMITH:** As far as I understand, it is not a privately owned, for-profit organisation, although I am sure you know more about its funding arrangements than I do. Having said that, they work very closely together, particularly through ACTA.

**Mr PENGILLY:** In the budget line (and I may have the wrong page, but I am just picking up from Mr Pisoni's questions), are there consultants' fees or anything listed to look at extending the Convention Centre?

**The Hon. J.D. LOMAX-SMITH:** Nothing in the budget papers.

**Mr PENGILLY:** No. All right. I refer to Budget Paper 3, page 6.6. Will the minister explain why, under the heading 'Subsidies', there is an amount of \$5.6 million under the actual for 2005-06? In the estimate for 2006-07 and the budget for 2008 there is a zero-zero figure? Does this mean that no subsidy is required by the Convention Centre?

**The Hon. J.D. LOMAX-SMITH:** I make it clear before we answer that question specifically that the Convention Centre has had an extraordinary impact on this state. Whilst it might suit the purposes of some members opposite to attack them for competing with the private sector, the reality is—

**Mr PISONI:** I have a point of order. It was a simple question; there was no attack. It was simply a question and the minister is here to answer questions. There was no attack.

**The Hon. J.D. LOMAX-SMITH:** They perform a role which is actually very important.

**Mr PENGILLY:** As the lead for the opposition, I make it very clear that I have nothing but praise for the Convention Centre and I will not pour any contempt on it, or ask seriously disruptive questions about it in any way, shape or form. I have been going to the Convention Centre for many years. I think it is very well run. I think it is an asset to South Australia, but I am asking some questions. It is not a matter of competing with the private sector and the public sector at all; it is just to get some answers to questions that are raised in the estimates.

**The Hon. J.D. LOMAX-SMITH:** I think it is clear that they operate in a very special paddock which is quite different from many others in the state. They have an irreplaceable role in that they are fighting to bring to South Australia very large events for which there are very few alternatives and, in fact, we would argue no alternative accommodation. So, having said that, it is clear that they need the support of both sides of parliament, and I am very pleased that the member for

Finniss is supportive of them in that role. I will ask Mr Gilbert to respond to the—

**Mr PENGILLY:** I just really wanted to know why there is a zero figure. That was the question, if we could get back to it.

**Mr GILBERT:** The 2005-06 budget reflects 5.6, and \$1 million of that was for a special project, which was the staircase going down for the Police and Fire Games. There is an error in the budget papers for 2006-07 and 2007-08, and that is reflected under grant revenues now, where a sum has been set for 4.377 in 2006-07 and 4.489 in 2007-08.

**Mr PENGILLY:** I refer to Budget Paper 4, statement 3, page 6.6 and the table 6.2, Financial Flows Between Major Government Businesses and the General Government Sector. The Adelaide Convention Centre appears to have no subsidy for 2007-08. Can you tell me whether they are still reporting annually to the state government, and if they are why there is no report after 2005 on the Convention website?

**The Hon. J.D. LOMAX-SMITH:** I am unable to explain about their website. I have not been on it recently. Maybe Mr Gilbert could explain whether the website is up to date.

**Mr GILBERT:** The website is up to date but it does not contain the information you ask about, and we will address that.

**Mr PENGILLY:** Is there a reason for that?

**The Hon. J.D. LOMAX-SMITH:** I cannot explain the website's content, but we will find out and get back to you.

**Mr PENGILLY:** I have no more questions on that, but I just reiterate, for the purpose of the record, that I think it is a wonderful Convention Centre, an absolute finale.

**The Hon. S.W. KEY:** I have a point of order. I am just wondering: if there is a mistake in the budget papers, is this the opportunity for that to be rectified by the minister? I am not sure of the history of this. Perhaps the member for Frome is able to enlighten us on that, but it would seem that, if there is a mistake, this is the opportunity for the minister to bring that to the attention of parliament formally.

**The Hon. J.D. LOMAX-SMITH:** I am sorry; I am not sure of the procedural way this can be corrected, but I will take advice from the Department of Treasury and Finance.

**The ACTING CHAIR:** Certainly I think the minister should do that. I assume there is no reason why the minister cannot inform the committee of anything the minister wishes to inform the committee of; whether that ultimately constitutes a formal amendment is another matter. I think perhaps in the lunch break we can find out.

**The Hon. J.D. LOMAX-SMITH:** We can find out how that happened and we will try to remediate it as soon as possible.

**Mr PENGILLY:** Are there any other errors in there?

**The Hon. J.D. LOMAX-SMITH:** I had not noticed this one, I have to confess. The figures are complex and they are checked over and over again, but I think inevitably there will be the occasional error.

**Mr PENGILLY:** I thank the member for Ashford for picking up on that. I think it is appropriate and I am very happy for that to come back, by way of process, to be corrected.

**The Hon. J.D. LOMAX-SMITH:** We will do that. I will find the exact facts and then come back.

**The ACTING CHAIR:** So, a correction will be offered by the minister and whether that formally changes the document is a matter we will have to work on.

**Mr PENGILLY:** I did have a question to do with—it is in the budget papers—the Dunstan Playhouse and the

Adelaide Festival Centre, but I am not sure whether it actually ties in with these gentlemen.

**The Hon. J.D. LOMAX-SMITH:** It is apparent that those organisations and institutions work very closely together. They have regular meetings and share input about bids and activities, and they share some activities across buildings. We were very keen to push for upgrades to the Dunstan Playhouse because, obviously, as part of the tourism portfolio the arts are a major driver. We have the role of dealing with the riverbank walkway, and some of the improvements along the walkway are done in collaboration with the Festival Centre, so although different organisations manage the areas there is close board contact, close executive contact and close ministerial portfolio contact. The work we did to improve the event space was a very important collaborative project.

Unfortunately, the grass has been rather slow to regenerate after the huge battering it got at the Police and Fire Games, with those huge numbers of people, but that area was part of a design improvement to bring more vibrancy to the walkway past the Festival Centre. It ties in with the new seats and the shelters along there and also the stairway that Mr Gilbert mentioned. The whole project is very important because it allows the Convention Centre to market its space as bigger than its own floor area, because it now has the capacity to have outdoor events of a fairly large scale on a reasonably flat surface, and also with the installation of services (electricity) from the ground level so that events can be serviced.

We also—it was two years ago, I think—put in the extra exit from the lift because the lift that used to come from the public level areas of the Convention Centre only went into the carpark. So another element of that upgrade of the area was cutting a doorway backwards out onto the grass so that there is disabled access from the lift not just into the car park (and it is nice to be able to get to your car) but also out into the public domain as well. So there has been a series of incremental improvements around the convention centre which have improved its capacity to do business.

**Mr PENGILLY:** I refer to Budget Paper 4, Volume 3, page 6.6, table 6.2: 'Financial flows between major government business and government sector subsidies/CSO'.

**The Hon. J.D. LOMAX-SMITH:** For the record, I think you may actually be speaking to Budget Paper 3, page 6.6, not Budget Paper 4, Volume 3.

**Mr PENGILLY:** My staff member did this question on the computer over the water, so I apologise if there is a little bit of a misunderstanding.

**An honourable member:** Blame the staff.

**Mr PENGILLY:** I am not blaming the staff at all; they have done a fantastic job. I understand that the Dunstan Playhouse at the Adelaide Festival Centre is undergoing a major technology and facilities upgrade for a cost of \$8 million and that the completion date is 30 June 2009. Can the minister tell me how much of the \$8 million is included in the 2007-08 budget subsidy line CSO amount of \$15.4 million?

**The Hon. J.D. LOMAX-SMITH:** I have tried to respond to the member for Finnis' last question in relation to the Convention Centre but I am unable to answer questions about the Festival Centre Trust. He should refer those questions to the Premier.

**Mr PENGILLY:** That is okay, but clearly they are linked. This was in there, and that is why the question was asked.

**The Hon. J.D. LOMAX-SMITH:** It is not a budget line for which I have responsibility.

**Mr PENGILLY:** I have no further questions on the Convention Centre, Mr Acting Chair.

**The ACTING CHAIR:** If there are no more questions on that we can move on to the next area.

**The Hon. J.D. LOMAX-SMITH:** Could we move onto the mainstream tourism portfolio? I have here Andrew Wroniak and on my right Bill Spurr.

*An honourable member interjecting:*

**The Hon. J.D. LOMAX-SMITH:** Actually, he may become beatified because he has another job, which you do not know about.

**The ACTING CHAIR:** Minister, we have some advice about the error. Apparently there are two alternatives available to the committee: the first is that you may simply choose to read into the record whatever correction you wish to make; the second is that a committee member may move that the committee note whatever it is that you wish the committee to note, and that then becomes part of the committee's report to the parliament.

**The Hon. J.D. LOMAX-SMITH:** Thank you, Mr Acting Chair. I spoke to the officer before he left and he explained that it seemed that whilst one number was missing from the line it did appear in another line. He will come back with a statement that I will read onto the record, and I trust that will overcome the confusion.

**The ACTING CHAIR:** Whatever suits you is fine as far as the committee is concerned.

**The Hon. L. STEVENS:** I would like to preface my question by also adding my congratulations to Mr Bill Spurr. I will not continue the beatification at this point and hold up the committee but I would like to say congratulations, Bill, and all the best for the future.

My question is on the topic of airline marketing and it relates to 2007-08 Budget Paper 4, Volume 3 and the 2007-08 Target/2006-07 Highlights, page 10.4, Program for Tourism Marketing, sub-program 4.2 International Marketing, page 10.16. Minister, what initiatives have been put in place by the government to maximise the benefits of the increased number of direct international flights coming into Adelaide?

**The Hon. J.D. LOMAX-SMITH:** I thank the member for Little Para for her precise reference to the budget line. It was most edifying. The South Australian government has been working hard to increase international airline access to the state with the tourism industry reaping the benefits. The Rann government has increased the number of direct international flights into Adelaide from 13 in 2003 to the current 24, making it easier than ever for international visitors to enjoy South Australian tourism. To maximise the benefits of these new flights the government has conducted cooperative marketing campaigns in targeted overseas markets, including the UK, Singapore, Hong Kong, Germany, France, Italy, China, Taiwan and Japan.

Additional ongoing funding of \$750 000 has been allocated in 2007-08 to build on the success of joint cooperative campaigns with Singapore Airlines and the marketing activities in the New Zealand market. More than \$2.1 million has been invested in the New Zealand campaign over the past three years to promote direct flights between Auckland and Adelaide and entice more New Zealanders to come to South Australia. The 2007 marketing campaign included television advertising consisting of four different television commercials highlighting Adelaide and regional South Australia, and television will again be a feature of the New Zealand campaign in 2007-08.

ABS statistics show that our strategies are working. There has been a 37 per cent increase in New Zealand residents visiting South Australia for the year ending December 2006 compared to the year ending December 2004. These direct services, combined with state government investment in marketing, have been the catalyst for this outstanding growth. I therefore welcome Air New Zealand's announcements that its flights between Adelaide and Auckland will double by early November 2007. Air New Zealand will offer daily flights between the two cities from February 2008. In North America the SATC will also work with six wholesaler companies to undertake a range of campaigns to promote Air New Zealand's and Qantas' services to South Australia for that market during the 2007-08 year.

The SA government and Singapore Airlines have committed to extensive joint cooperative marketing campaigns in a number of international markets. These markets include the UK, France, Germany, Italy, Switzerland, Scandinavia, Hong Kong, Taiwan and Singapore, as well as Malaysia, India, Japan and China. In the important UK market the SATC promoted special holiday packages to South Australia flying by Singapore Airlines. A series of campaigns were developed with three major wholesale partners. Campaign elements included the development of a dedicated South Australia consumer brochure in national newspapers with radio promotions and on-line advertising. In the 2007-08 year the SATC will collaborate again with Singapore Airlines to continue the joint campaigns in our major markets of the UK and Europe.

I also encourage and acknowledge the SATC's collaboration with Cathay Pacific in 2006-07. A range of marketing campaigns were undertaken in Germany, Italy, France and Hong Kong. The increase in international visitors demonstrates that working collaboratively and strategically with our international airline partners is paying dividends, and the state government is committed to strengthening our relationship with these airlines for the benefit of South Australia.

**The Hon. S.W. KEY:** I refer to Budget Paper 4, Volume 3, program 4, regarding 2007-08 tourist marketing, and international marketing in sub-program 4.2, page 10.16. That is a very precise reference; we are trying to set a good example here. What activities are being undertaken to attract international visitors to our state?

**The Hon. J.D. LOMAX-SMITH:** The international visitor survey for the 12 months ended March 2007 showed that South Australia attracted more international visitors than ever before. SA attracted a record 367 400 international visitors, up 8 per cent on the previous 12 months compared with a national rise of only 3 per cent. The state government through the SATC is contributing to this growth in overseas visitation through important marketing activities in key markets worldwide. The SATC also engages in cooperative marketing with international airline partners. This activity will continue into the future, boosted by a further \$750 000 in ongoing funding provided in the 2007-08 budget. In addition, the SATC will undertake a broad range of marketing activities in all key international tourism markets in 2007-08. Planned UK activities for 2007-08 include the SATC's exclusive destination sponsorship of the prestigious *Wanderlust*—Photographer of the Year award, the UK's largest amateur and semi-professional photo competition. Four competition winners will win a trip to South Australia during May and July 2008. Their travels and photographs will be featured in an exclusive report in the *Wanderlust* magazine, UK's No. 1 travel magazine.

In the UK and France the SATC will promote South Australia as an ideal holiday destination during the world famous Tour de France. 'Oppy the Kangaroo—named after Sir Hubert Opperman—will be perched upon a vehicle which will be part of the Tour de France publicity caravan. The caravan is a parade of promotional vehicles and characters that lead the race. This is a priceless opportunity and the perfect audience for promoting our state and the Tour Down Under. The publicity caravan features heavily on Tour de France broadcasts that reach billions of people worldwide.

The Italian and French honeymooners market will be targeted in France and Italy through international advertorial features in major bridal magazines, bridal show participation and online promotions. In Germany, South Australia is the exclusive Australian partner in a major Cathay Pacific campaign running from March to November. The campaign includes print and online advertising, a dedicated micro-site advertising on public buses, a travel agent roadshow and a familiarisation tour for trade partners. The major SATC television advertising campaign featured in New Zealand will continue. It is a very successful, popular and well-known series of advertisements. It will continue in 2007-08, as will cooperative campaigns with selected wholesalers and Air New Zealand.

Market research indicates that the baby boomer demographic in Japan is looking for new destinations. The SATC will seize this opportunity by developing packages and undertaking cooperative advertisement campaigns in Japan in 2007-08. In Singapore the SATC will join forces with the South Australian government office to organise a 'Brilliant Blend Consumer Fair', showcasing our food, wine, art, festivals and events as well as holiday packages in partnership with selected wholesalers. The SATC's marketing manager for China will continue to focus on trade education as well as working with Tourism Australia to make sure that South Australia features in its consumer marketing opportunities.

The SATC will work with the *Hong Kong Economic Times* newspaper to produce a 148-page guidebook of our state, highlighting SA's brilliant blend of tourism experiences. The SATC will work closely with Tourism Australia in India to participate in trade shows, educate travel agents through familiarisation programs and sponsor media visits to the state with the aim of generating awareness of South Australia as a holiday destination. We are committed to attracting more international visitors to our state and will continue to work with a range of partners to encourage and continue the strong growth of tourism to South Australia.

**Ms BEDFORD:** My question relates to generating new interstate travel through marketing, and I refer to Budget Paper 4, Volume 3, program 4, which relates to tourism marketing. Program 4.1 on page 10.15, refers to domestic marketing. What are the major initiatives being undertaken in 2007-08 to increase interstate holiday visitation?

**The Hon. J.D. LOMAX-SMITH:** The new state consumer brand, South Australia: A Brilliant Blend, has been enthusiastically embraced by both the state's tourism industry and a range of government agencies. In 2006-07 the SATC continued to introduce the new state consumer brand into our interstate markets of Victoria and New South Wales, reinvigorating promotional campaigns and marketing material. The brand delivers a message that South Australia is a great place to visit, live, work, invest and be educated. It captures the confidence and mood of South Australia. In Melbourne, the SATC used the attention generated by the

Adelaide Ashes match to launch a marketing campaign focusing on the new brand. Advertising activity included: billboards, television commercials and the superscreen at the MCG test match.

The My Brilliant Adventure promotion then made innovative use of digital media to further promote our state in Victoria. The campaign followed the adventures of four Victorians travelling around South Australia. The holiday-makers shared their story daily on southaustralia.com through a travel diary video and a text blog. Advertising on Australian radio and in Melbourne street press publications complemented the online component of the promotion. In 2006-07 the SATC worked closely with the houseboat hirers to develop the Holidays on the Murray River interstate campaign. It will run from June to September 2007 and incorporate television, press and online advertising, as well as special offers for visitors.

Cooperative domestic campaigns were also developed with event organisers of the Adelaide Fringe and the International Rugby Sevens, and this was used as a way of marketing these key events. The Cabaret Festival and the SA Museum's Egyptian Antiquities were marketed to Victoria in conjunction with selected Adelaide city hotels, through newspaper and direct mail advertising. Domestic marketing in 2007-08 will continue to build awareness of the new brand across a broad range of advertising areas, especially digital media, as well as encourage the brands used by events organisations and the government agencies that market South Australia to various consumers in a multitude of ways.

Additional ongoing funding of \$750 000 has been allocated in 2007-08 for the new domestic marketing activities which will target residents in New South Wales, Victoria and South-East Queensland. This additional funding will be used to develop ongoing strategic partnerships. The partnerships will include teaming up with SBS to promote South Australia through its television series *Food Safari*. *Delicious* and *Better Homes and Gardens* magazines will also feature significant South Australian content. In addition, these media partnerships will be used to develop affordable advertising opportunities for South Australian tourism operators, providing retail support for the brand campaigns. The *Brilliant Breaks* publication in South Australia will continue as the key domestic consumer publication and will be the focus of a new loyalty program to encourage repeat visitation.

The SATC will also continue to build its relationships with retail travel agents with an emphasis on interstate agents who specialise in selling South Australian holidays. We will run two retail campaigns across regional Victoria and regional New South Wales. The major component of the retail campaign will be a 26 page brochure featuring packaged product and holiday ideas for each of the state's tourism regions.

The government is committed to increasing domestic visitor numbers to South Australia, and the latest figures from the national visitor survey for the 12 months to March 2007 show that compared with the previous year interstate visitors to South Australia were up 13.5 per cent compared with a 7 per cent increase nationally. Our strategies are clearly paying dividends and, through increased investment in marketing activity in 2007-08, the state government is determined that the South Australian tourism industry will continue to grow from strength to strength.

**Mr PISONI:** I have a question continuing from the last answer. The budget line is Budget Paper 4, Volume 3,

page 10.16. In the *Brilliant Breaks* book that you mentioned, I am curious to know why there are no accommodation ratings—for example, two stars and three stars—for people who use the book. Can you explain why you did not think that was necessary?

**The Hon. J.D. LOMAX-SMITH:** That is a marketing decision. It is a management decision. Mr Spurr?

**Mr SPURR:** We try to focus on accredited operators, because we have a push for accredited operators, and there is a variety of rating systems. There is the Australian Automobile Association system; but individual hotels, if they belong to a chain, etc., have rating systems as well, and it is very difficult to come to a standard. We get a lot of complaints from the Hilton or Hyatt hotel chains, for example, that are not part of the Australian Automobile Association operating system. But we do foster and promote accredited operators, because they have gone through a complete business planning process.

**Mr PISONI:** In regard to marketing for South Australia, I understand you were at the first revamped Overland to Melbourne—

**The Hon. J.D. LOMAX-SMITH:** Are we still on page 10.16, international marketing?

**Mr PISONI:** Yes, and my question is: have you looked at the opportunities that that may offer to South Australia for add-ons, for people who might go to Melbourne from overseas?

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

**Mr PISONI:** Can you elaborate?

**The Hon. J.D. LOMAX-SMITH:** We market to our key markets, and Victoria is one of them. We certainly do some joint collaborative marketing across borders and particularly use the rail network as a lead-in to holidays in South Australia. The most significant international rail network, of course, is the Ghan, and that has a higher percentage of international visitors than other parts of the rail network in Australia. For that reason we invest significantly in terms of not just looking at using the train as an iconic image in our material but also in working with the Northern Territory to market those joint holidays across border.

**Mr PISONI:** On that same budget line—

**The Hon. J.D. LOMAX-SMITH:** International marketing now?

**Mr PISONI:** Yes, that is correct. In last year's budget papers you made reference to a feature on South Australia on Indian television. I understand that Vinod Avanti has been engaged as an honorary tourism ambassador for South Australia, but there is little in this year's budget for targeting the 220 million middle-class Indians who may consider Adelaide as a destination. What work has been done to attract Indians? Do you see South Australia as being an add on for Indian tourism or being a destination for Indian tourism?

**The Hon. J.D. LOMAX-SMITH:** Add-on tourism is not a good market and we want primary destinations to be in South Australia, and we promote as an end destination. We know that middle-class Indian residents are able and keen to travel. We have been working in the market now for several years. We work in a multi-pronged way. South Australia invests in investment and trade with India and we invest in education marketing through Education Adelaide and in tourism product. The tourism education and investment wings of government use the 'Brilliant Blend' marketing profile. It is important when we go offshore that we keep a consistent image because the brand is everything, and we have had considerable progress promoting in a unified manner.



India has been a major push with familiarisation programs. We appear in some of their brochures. We have had the opportunity to promote South Australia through the Ashes series and through some of the sporting events—mainly the test matches with India. We are about to see the release of a significant film produced in South Australia, *Love Story 2050*, which has some of the biggest stars of Indian film in it and will be an absolute blockbuster. We will be using those images also and the public profile that film brings to us. The impact of film sites and destinations is sometimes underestimated: it is a great driver of tourism and we will use it.

**Mr PISONI:** What are the numbers coming from India now? What do they come to see and what is it costing us to have an honorary tourism ambassador in India?

**The Hon. J.D. LOMAX-SMITH:** They come to see several things. They are a sophisticated market.

**Mr PISONI:** We have several things here!

**The Hon. J.D. LOMAX-SMITH:** I don't know whether the member for Unley wants to hear the answer. It is naive to believe that a market is a monoculture and that everybody comes for the same reason. India is a sophisticated, advanced country where travellers are professional, educated and sophisticated. They would be coming for some of the common reasons like food, wine and tourism, but they are also particularly interested in coming to see the natural wonders of South Australia. They will go to national parks and to see our flora and fauna. They are interested in everything from coast to geology. They also have a particular interest in and enthusiasm for sport on the subcontinent—and I include not just India but other nations in the subcontinent. Pre-eminent in that enthusiasm is their enthusiasm for cricket. There are a range of reasons why they might come. It would be dangerous and somewhat condescending to believe that one size fits all in India and that they are all the same as tourists. They have a range of interests.

**Mr PISONI:** Why is it then that we have only a part-time ambassador, whereas all the other states have full-time officers in Mumbai?

**The Hon. J.D. LOMAX-SMITH:** We have relationships with various states in India and employ the services of a range of people for different reasons. We have representation from government in Chennai and representation from government in Mumbai. I am not aware of any other locations that South Australia has representatives, but there has been a significant commitment to India. I visited India recently and the Premier goes almost annually and we have had a series of trade missions in the past two years. We should recognise that India is an important market, but it is certainly not the only one.

**Mr PENGILLY:** I support the thrust into India. There are 35 million Indians classified as millionaires in US dollar terms, so it is a big market. I refer to the Budget Paper 4, Volume 3, page 2.20, table 2.11, on tourism expenditure initiatives, domestic marketing. The South Australian *Brilliant Breaks* booklet is part of the 'South Australia. A brilliant blend' campaign. How much did the booklet cost, and what was the amount contributed by the advertisers?

**The Hon. J.D. LOMAX-SMITH:** We would need to take that question on notice. We do not have those exact figures.

**Mr PENGILLY:** There are several symbols throughout the book denoting SA tourism awards, the tick of national accreditation—

**The Hon. J.D. LOMAX-SMITH:** Is the member referring to another book now?

**Mr PENGILLY:** No, I am referring to the South Australian *Brilliant Breaks* booklet, which is part of the 'South Australia. A brilliant blend' brand. There are several symbols throughout the book denoting tourism awards, the tick of national accreditation, eco certification and booking online. Many people with a disability would like to take a short break. Did the minister look at the cost of providing a symbol to denote 'disabled friendly' or 'disabled friendly with assistance' in the marketing production, which is provided in other holiday accommodation books?

**The Hon. J.D. LOMAX-SMITH:** We are only able to interrogate the budget line, so it is difficult for us to discuss a publication which we do not have and which we are not interrogating. However, as a matter of courtesy to the member (because he is clearly interested in this area), the issue of disability and access and holidays for segments of the market is one that we take seriously. We recognise that there are niches, many of which need focused marketing. There is a niche in the member for Frome's electorate (which is a very special one), which is the cycling tourism niche.

*The Hon. R.G. Kerin interjecting:*

**The Hon. J.D. LOMAX-SMITH:** It is a wonderful electorate: it has some of the most attractive scenery and the most beautiful destinations in the world. However, the cycling tourism market is a special niche, which we have to target specifically. Similarly, there are areas where we can improve the segmentation. In terms of disability, we have made a decision not to go it alone. There is likely to be a national accreditation, or a campaign, which we will be able to join into, and we would like to be in step with national programs in this area. However, it is certainly important, and I recognise that it is an area that we can segment and target specifically.

**Mr PENGILLY:** I refer to Budget Paper 4, Volume 3, page 10.8, sub-program 1.2, Research, Performance Commentary. In the budget for 2006-07, a key responsibility for 2006-07 was to develop a matrix model to evaluate all expenditure. Can the minister advise whether that model was developed and whether it will be ongoing in this year's budget cycle?

**The Hon. J.D. LOMAX-SMITH:** We are unable to find mention of the matrix in this budget document. However, we can give the member an update.

**Mr SPURR:** We used the matrix model, which we developed last year and which we are continuing to develop, which looks at a number of variables. One is the infrastructure in a particular area, and the demand in the market intrastate, interstate and internationally for that particular area and product. We then look for any gaps that would give us a guide as to whether we need to put more resources from, for example, the Tourism Development Fund, the Regional Events and Festivals Fund or marketing funds into that area to ensure that the supply and the demand are in sync.

**Mr PENGILLY:** I refer to Budget Paper 4, Volume 3, page 10.10, sub-program 2.1, Tourism Industry Development, Performance Commentary. In 2007-08, the commission will continue to provide support for marketing and product development initiatives for Aboriginal tourism. Can the minister advise the percentage of the development marketing budget that will be spent on Aboriginal tourism in comparison with the wine and food sectors and the cultural and geographical heritage sectors?

**The Hon. J.D. LOMAX-SMITH:** We cannot give the member those percentages. I imagine that it would be less than wine and food tourism. We will obtain the exact details.

**Mr PENGILLY:** I again refer to Budget Paper 4, Volume 3, page 10.10 and the tourism industry development sub-program performance commentary. In April 2007, the commission, in conjunction with other agencies, introduced a taxi tourism CD to assist the taxi industry to lift standards of training. Can the minister tell me what was the government's contribution to the cost and whether it will be ongoing this year?

**The Hon. J.D. LOMAX-SMITH:** We were a sponsor of that event. It was a one-off funding initiative, and I do not have the details. It was not a great sum of money in the scheme of things. We will come back to the member with the exact amount.

**Mr PENGILLY:** I refer to Budget Paper 4, Volume 3, page 10.11 and moneys provided for tourism infrastructure development. Can the minister explain why there was an underspend of \$336 000 in 2006-07, and can she provide an explanation for reducing this budget line even further this year by some \$270 000, which is \$428 000 less than the spend for 2005-06?

**The Hon. J.D. LOMAX-SMITH:** The decrease of \$428 000, I am informed, was due solely to a change in the reporting structure of the tourism development group. Previously, costs incurred by the group support unit were distributed between the tourism industry development sub-program 2.1 and the tourism infrastructure sub-program 2.2. Due to an internal change in the reporting of the group, group support costs are now only included in the tourism industry development sub-program. The South Australian Tourism Commission has committed to provide \$2 million to tourism infrastructure programs in 2007-08.

**Mr PENGILLY:** I refer to Budget Paper 4, Volume 3, page 10.11, sub-program 2.2, again 'Tourism Infrastructure Development' 'Performance Commentary'. In 2007-08, the commission will continue to further support the following projects: Coorong Wilderness Lodge, Southern Ocean Lodge and the International Hotel at Port Lincoln. Can the minister advise just how much additional money will be provided for each of those projects?

**The Hon. J.D. LOMAX-SMITH:** We could provide rough figures at this stage or we could take on notice the exact numbers, whichever you would prefer.

**Mr PENGILLY:** I am happy to take them on notice, provided I get the answer. I am a very amenable fellow.

**The Hon. J.D. LOMAX-SMITH:** I know that.

**Mr PENGILLY:** I refer to Budget Paper 4, Volume 3, page 10.10, sub-program 2.1, 'Tourism Industry Development' 'Performance Commentary' again. In 2005-06, there were 14 cruise ships with 6 000 passengers. In 2006-07, 3 700 passengers visited South Australia. Can the minister advise the cost of the Meet and Greet program; and how many cruise ships will be visiting South Australia in 2007-08 and at what cost to the state government?

**The Hon. J.D. LOMAX-SMITH:** I am informed that there is a net cost of around \$40 000, but it varies from year to year.

**Mr PISONI:** I refer to Budget Paper 4, Volume 3, Targets and Highlights where it states:

Successfully managed three major events and sponsored eight other major events, including the first event of the International Rugby Sevens Adelaide.

I have a couple of questions on the sponsorship. Did one of those eight include sponsorship for the Jacobs Creek where you failed to secure a private sector sponsor?

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

**Mr PISONI:** Jacobs Creek of last year.

**The Hon. J.D. LOMAX-SMITH:** But which Jacobs Creek? Several events were tagged Jacobs Creek.

**Mr PISONI:** Did you sponsor Jacobs Creek at all last year?

**The Hon. J.D. LOMAX-SMITH:** We do not sponsor Jacobs Creek; Jacobs Creek sponsors other events.

**Mr PISONI:** I beg your pardon; the Tour Down Under. That is how well the sponsorship works, I have referred to the event using the sponsor's name.

**The Hon. J.D. LOMAX-SMITH:** I am informed that the Tour Down Under for the next year currently has 25 sponsors. They are divided into three categories. There is a major sponsor category, which is: the Adelaide City Council, *The Advertiser*, Bartercard, Century 21, Coca-Cola Amatil, Department for Transport, Energy and Infrastructure, Hilton Adelaide, Malaysia Airlines, Mutual Community, Mix 102.3, SA Lotteries and the University of South Australia. There is a corporate category which is: the Bytecraft, Delfin Lend Lease, Jacobs Creek, Qantas, Renniks, Santini, Shimano, Staging Connections, Tissot and Woodhead International; and supporting events, Hamilton Laboratories, Interflora and Ricoh. I should mention that Hamilton Laboratories is the sponsor of sunblock. It is a marvellous organisation based in Adelaide, and I understand that it is the only South Australian producer of sunblock and one that we should all support. Over the past 13 months, we have been working to replace the naming rights sponsor for this event and we will still work to do so.

**Mr PENGILLY:** In relation to the budget line raised by the member for Unley, previously the major sponsor for the Tour Down Under was Jacobs Creek Orlando. However, this last year it was not Orlando. Is a substantial effort being made to procure a major sponsor to take the pressure off the state budget this year in relation to the Tour Down Under? I know it is a bit of a mixed question.

**The Hon. J.D. LOMAX-SMITH:** We would be keen to secure a naming rights sponsor but, in the absence of that, we have other sponsors with whom we are dealing.

**Mr PISONI:** If you are unable to secure a naming rights sponsor, will that mean that the tourism department will need to fill that gap?

**The Hon. J.D. LOMAX-SMITH:** The tourism department and the government, in effect, are the major sponsor and we would not consider anything that would risk this special event, so we would always support it.

**Mr PISONI:** I refer to Budget Paper 4, Volume 3, page 10.4, Targets and Highlights—Tour Down Under. Last year's budget line referred to a target of increasing the number of teams competing from 12 to 14 in 2007 and, yet, I do not see that in a highlight for this year. I wonder if that has been omitted or whether you can update us as to what has happened.

**The Hon. J.D. LOMAX-SMITH:** I am not quite sure what the question is. Are you suggesting that we do not think it is important any more?

**Mr PISONI:** No. It was a target in last year's budget papers (2006-07) to increase the teams from 12 to 14. I am just asking if it was achieved. It was achieved, thank you.

**Mr PENGILLY:** I refer to Budget Paper 3, page 2.20, expenditure table 2.11: initiatives on the Christmas Pageant. Minister, you stated earlier that \$100 000 is being invested in the Christmas Pageant for float replacements in this budget. Will the minister advise just how many floats are

going to be replaced with this investment? Is this the only investment that tourism and the government make—

*Members interjecting:*

**The Hon. J.D. LOMAX-SMITH:** Could the member for Finnis repeat his question; there is a lot of noise.

**Mr PENGILLY:** Thank you. An amount of \$100 000 is to be invested in float replacements. My questions are:

1. Will the minister advise how many floats are going to be replaced with this investment?
2. Is this the only investment to come out of the tourism budget for the Christmas Pageant?
3. Why are there no estimates for further replacement of pageant floats over the next three years?

**The Hon. J.D. LOMAX-SMITH:** This is a one-off occurrence for the 75th anniversary of the pageant. I think it will be a wonderful time for families and children and I recommend that everyone experience this new series of floats. Anybody who is an aficionado of the pageant, of course, will know that every year there are new floats—I understand about four. These new floats are to modernise the pageant and tantalise the audience, because if it was hit with the same series of floats every year it would become jaded.

This \$100 000 is a special initiative and other parts of the budget documents also refer to the pageant. It particularly affects some of the funding levels that appear to go up and down each year as some of them relate to the changes in the pageant funding. On page 10.5, under Tourism Events there is further reference to the pageant, because we maintain sponsorship every year and from time to time it fluctuates. For example, we moved into new premises last year and we had to have increased funding to accommodate that move and fit-out.

However, this money particularly is a one-off contribution for the 75th anniversary and it is to build a new special improved float for Father Christmas which, if you recall, is the last float in the procession. This year it will be very exciting. I encourage you to go and see it. The float is being built in South Australia and the gnomes are coordinating and working on that project at the moment.

**Mr PENGILLY:** I refer to Budget Paper 4, Volume 3, page 10.15, sub-program 4.1. Earlier in the proceedings we were given some information regarding domestic marketing but the reality is that domestic marketing is now \$4 million less in 2007-08 than it was in 2005-06. What do you intend to do to lift that marketing budget in the next financial year? Marketing, as I see it (and you have also commented on this) is an absolutely critical issue. I find it alarming that domestic marketing has fallen back \$4 million in a couple of financial years.

**The Hon. J.D. LOMAX-SMITH:** The marketing dollars being spent on domestic campaigns have actually been strong. One of the changes that has occurred over this period, of course, has been the Australian Tourism Exchange. The ATE required one-off funding but meant a special injection into our marketing campaigns, and that counted as domestic marketing. Also, we have completed certain campaigns that were one-off projects. One of the other anomalies was a write-off due to a debt following the resolution of a legal dispute concerning the staging of the Le Mans event in Adelaide. The write-off was included in overhead costs and was allocated across programs in 2005-06 and appeared to be an unnatural inflation of that year's budget.

**Mr PENGILLY:** Again, in respect of Budget Paper 4, Volume 3, page 10.11, sub-program 2.2, in the same vein regarding tourism infrastructure development, the figure for

2005-06 was \$2 618 000 and yet we find this year we are down to \$2 190 000 at a time when we are trying to assist tourism operators and infrastructure to get up and running around the state. What is the government's plan to continue to assist with this infrastructure development when it is again cutting the budget back?

**The Hon. J.D. LOMAX-SMITH:** I think the member for Finnis has asked this question already. He asked a question about this and the answer I gave is the same answer I will give now. The apparent decrease of \$428 000 is due solely to a change in the reporting structure of the development group. Previously, costs incurred by the group's support unit were distributed between the tourism industry development sub-program 2.1 and the tourism infrastructure sub-program 2.2. There was an internal change in the reporting of the group. Group support costs are now included only in the tourism industry development sub-program. The South Australian Tourism Commission has committed to provide \$2 million to tourism infrastructure programs in 2007-08. In order to clarify this matter, because I know that the member for Finnis is naturally a little suspicious, I ask him to turn to page 10.10, sub-program 2.1, which is where I said the money has been transferred to, and he will see there is an increase.

**Mr PENGILLY:** These things are always of major interest to me.

**The Hon. J.D. LOMAX-SMITH:** But that explains the difference.

**Mr PENGILLY:** I refer to Budget Paper 4, Volume 3, page 10.12, summary income statement, program 3: Tourism Events, grants and subsidies. Can the minister explain why grants and subsidies have been cut by \$1 243 000 in comparison to last year's budget allocation?

**The Hon. J.D. LOMAX-SMITH:** I think you are referring to the difference between the 2006-07 6.285 and the 2007-08 3.887.

**Mr PENGILLY:** Yes.

**The Hon. J.D. LOMAX-SMITH:** You will recall that in this calendar year we had the biggest event ever, the World Police and Fire Games, \$2.160 million.

**Mr PENGILLY:** A Liberal initiative.

**The Hon. J.D. LOMAX-SMITH:** An amount of \$2.160 million was expended on that, and you cannot expend the money two years running if you do not have the event. There has also been a decrease in sponsorship to some events which are no longer being held, but besides that we are now increasing sponsorship by \$100 000 to WOMADelaide and we are increasing sponsorship to a range of other events—not just the Police Tattoo and the Australian Inline Hockey Championships but we have successfully bid in out years for a whole range of new events which will, of course, be sponsored on those occasions. They are the UCI BMX Supercross in 2008, the World BMX Championships in 2009, the Special Olympic National Games in 2010, the School Aerobics National Championships (which we will hold twice) in 2008 and 2010, the Australian Inline Hockey Championships in 2008, 2010 and 2012, and one of the most spectacular events that I just cannot wait to see because I think this is going to be a world class event, the World Lawn Bowls Championship in 2012.

So, I think the events in South Australia are being well supported, but the member will understand that when you have a one-off special event, whether it is the callisthenics which is not a sponsored event for Events SA or, more particularly, the World Police and Fire Games or even, from

another budget line, the Australian Tourism Exchange, you can only fund it on the years you get it.

**Mr PENGILLY:** I refer to Budget Paper 3, page 2.20, table 2.11, Tourism Expenditure Initiatives for WOMADelaide. WOMADelaide is to receive an additional \$100 000 in this budget and is estimated to receive the same amount again in 2008-09 and 2009-10. Can you tell me whether there are any stipulations in place on how this money is spent? For example, is it for the WOMADelaide general budget, or is it used for specifics like advertising and marketing? What reporting systems are in place to measure the benefits of the extra money spent?

**The Hon. J.D. LOMAX-SMITH:** WOMADelaide has to be one of the gems; it really is one of the jewels in the crown. It is a very good event for South Australia and South Australians and has really shocked its critics by going annually and still getting exceedingly large numbers when people come for this event and all the other activities in the March/April period. Clearly, it is a costly exercise to run. It is an event which grows each year and we are very pleased to invest more money into this event. I have to say that although it was started by a Labor minister (our Premier), it was run throughout the opposition's time in government and now has continued, with biennial support turning to annual support. Throughout that period all of the sponsorship has been tight, tied, audited and monitored. I do not believe that the situation now is substantially different from the system that was in place a few years ago, and I think there are very strict KPIs. If you want specifics, Mr Spurr might be able to tell you how it works.

**Mr SPURR:** I will just go on with that. We have an agreement with the WOMAD Corporation and there are very specific KPIs to do with marketing, particularly interstate and international marketing, the numbers of visitors, etc.

**Mr PENGILLY:** I would be interested in receiving some more information on that, if possible, on what reporting systems are in place. I am happy if you would take that on board. I refer to Budget Paper 3, page 6.6, table 6.2, financial flows between major government business and the general government sector. Under the heading 'Subsidy/CSO, Budget 2007-08', what is the amount of \$15.4 million allocated for? Why is it \$5.5 million more than the estimate for 2006-07?

**The Hon. J.D. LOMAX-SMITH:** Could you tell me which line you are referring to?

**Mr PENGILLY:** Budget Paper 3, page 6.6—actually, I will withdraw that one. I have no more questions; I do not know whether Mr Pisoni or Mr Kerin have any questions.

**Mr PISONI:** I refer to Budget Paper 4, Volume 3, page 10.4. My understanding is that Qantas will cease direct flights from Adelaide to Auckland some time later this year, and we spoke earlier about the increased flights for Air New Zealand. Has there been any analysis regarding why it did not work for Qantas yet Air New Zealand sees it as being an opportunity?

**The Hon. J.D. LOMAX-SMITH:** I am unable to discuss the commercial decisions of a private organisation. It has no relationship—

**Mr PISONI:** I am not asking the minister to discuss its decision; I am asking whether there has been any analysis regarding why it has worked for—

**The Hon. J.D. LOMAX-SMITH:** You are asking me to analyse its business decisions.

**Mr PISONI:** No; it obviously did not work for Qantas and, being in the tourism portfolio—

**The Hon. J.D. LOMAX-SMITH:** You have no evidence that it did not work.

**Mr PISONI:** That is what I read in the media, that the patronage was not there and consequently that is why it made its decision.

**The Hon. J.D. LOMAX-SMITH:** That is not true; the flights are related to the increased number of visitors. There is a crisis in the airline industry that relates to the number of aeroplanes.

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

*[Sitting suspended from 12.48 to 2.30 p.m.]*

Department of the Premier and Cabinet, \$142 858 000  
Administered Items for the Department of the Premier  
and Cabinet, \$31 964 000

#### **Departmental Advisers:**

Mr D. Harvey, Director, Office for Racing, Department of the Premier and Cabinet.

Mr G. Baynes, Chief of Staff.

Mr T. O'Loughlin, Deputy Chief Executive, Sustainability and Workforce Management, Department of the Premier and Cabinet.

Mr T. Goodes, Executive Director, Services Division, Department of the Premier and Cabinet.

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

Ms R. Read, Director, Corporate Affairs Services Division, Departmental Affairs, Department of the Premier and Cabinet.

#### **Witness:**

The Hon. M.J. Wright, Minister for Industrial Relations, Minister for Finance, Minister for Government Enterprises, Minister for Recreation, Sport and Racing.

**THE ACTING CHAIR:** Welcome to the friendly committee. I declare the proposed payments reopened for examination and refer members to the Budget Statement, in particular, pages 2.5 to 2.7, and Appendix C and Portfolio Statement Volume 1, part 1. I have to read you your rights. I am sorry, but this is a new committee, so we have to go through it all again. Estimates committees are a relatively informal procedure and as such there is no need to stand to ask or answer questions. The committee will determine an appropriate time for consideration of proposed payments to facilitate changeover of departmental advisers. I ask the minister and the lead speaker for the opposition whether they have agreed for a timetable for today's proceedings and, if so, provide us with a copy.

**The Hon. M.J. WRIGHT:** We propose half an hour on racing and an hour on recreation and sport.

**THE ACTING CHAIR:** Changes to committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date it must be submitted to the committee secretary by no later than Friday 7 September. I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each if they choose to do so. There will be a flexible approach to giving the call for answering questions based on about three questions per member alternating each side, subject to agreement to the contrary. Supplementary

questions will be the exception rather than the rule. A member who is not part of the committee may, at the discretion of the chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced.

Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the Assembly *Notice Paper*. There is no formal facility for the tabling of documents before the committee. However, documents can be supplied to the chair for distribution to the committee. The incorporation of material into *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response. I also advise that for the purposes of the committee there will be some freedom allowed for television coverage by allowing a short period of filming from the northern gallery. I call on the minister to make a statement if he wishes to do so, and the lead speaker for the opposition to make a statement if he wishes to do so and call on members for questions.

**The Hon. M.J. WRIGHT:** Thank you; I do not have an opening statement for racing.

**The Hon. R.G. KERIN:** I refer to Budget Paper 4, Volume 1, page 1.9, where the highlights for 2006-07 included having projects managed a comprehensive study into the South Australian racing industry. The resulting Bentley report was released in mid May. At the time, the minister gave the racing industry 30 days to consider the recommendations. Will the minister update the committee on the progress with the report and what has followed?

**The Hon. M.J. WRIGHT:** I thank the honourable member for his question. As outlined, the Bentley report was released at a media conference on Tuesday 15 May. I wrote to the six key industry organisations on Thursday 17 May seeking their response to the recommendations. I wrote to TRSA, HRSA, GRSA, SAJC, SARC and the South Australian Harness Racing Club. Responses were requested by no later than 15 June. All six organisations responded by the due date. They indicated their general support for the recommendations and their desire to progress the measures and get on with the detail necessary to implement the reform proposals.

The SAJC's response commented that at this time it preferred to accept the second Bentley option, which recommended that the SAJC establish a new controlling authority by forming a company limited by guarantee and which would manage the business of each of the four provincial clubs and the SAJC. The SAJC's position in this regard was determined I understand as a result of some frustrations with what was happening within SARC, including matters which appeared in the media regarding how SARC members voted on certain issues. I am advised that the SAJC was concerned that the names of persons to be considered for appointment to the proposed new board may have been profiled in the media.

The SAJC has advised that it has received support from a significant number of provincial and country clubs endorsing the SAJC proposal to establish a super club. As is the case in many similar situations, it seems that there is some fault on both sides with the SAJC and SARC, and they are working through some of those issues. I understand that a meeting of SARC board members last Tuesday night voted to rescind decisions taken at a previous meeting relating to

SARC's preferred person to sit on the new controlling authority. I also understand that the following day the panel members representing both the SAJC and SARC met to consider eligible persons for the new authority. To date I have not received advice as to the outline of that meeting. I expect to receive this advice, together with details of the constitution of the proposed new authority, within the next few days.

With respect to the other two codes, as the member would be aware there were a number of recommendations, but the headline recommendation in regard to greyhound and harness codes is for a possible merger. There is also a second recommendation for HRSA to consider, and that is to appoint independent directors. It is my understanding that a due diligence of that and the earlier recommendation in regard to the potential for a merger is taking place.

In summary, I think there has been good progress. The majority of the racing industry went into the work being undertaken by Mr Bentley in a very positive way. I think that as a result of the recommendations there has been good progress. They have all communicated with me by writing by the deadline, and now further work in regard to the detail is being undertaken.

**The Hon. R.G. KERIN:** I refer again to page 1.9 and, basically, the Bentley report. The report makes many recommendations and industry has been asked to agree to the major thrust of the report. I certainly acknowledge that there has been, from what I understand, some pretty productive movement within the industry. The report also makes recommendations for government action. Specifically, the government looked favourably at TAB wagering tax reforms. Given that the racing industry has been asked to agree to change, will the government guarantee the tax changes recommended by Mr Bentley should the industry implement the recommendations of the report? Is the minister able to confirm that the industry will reap about \$7 million a year if that change occurs?

**The Hon. M.J. WRIGHT:** The figure that the member has supplied is correct. It is in the vicinity of \$7 million, as best I can estimate, and what we have put on record is that we are prepared to take on the challenges that have been recommended by Mr Bentley in his report. As the member would be aware, Mr Bentley has made sweeping recommendations, some of which we have already talked about, but also some other recommendations. They are probably the biggest recommendations in regard to reform that we have seen for a long time in the racing industry.

Of course, he has also put out a challenge to government that, if the racing industry is prepared to reform itself and if it is also able to achieve certain benchmarks (and those, of course, would need to be determined between the government and the racing industry), government should take on the challenge from 2008-09 of providing tax relief to the racing industry. Yes, we are prepared to take on that challenge. I think the racing industry might have been a bit surprised by that, but we are prepared to take on that challenge.

**The Hon. R.G. KERIN:** Should the racing clubs follow the recommendations of the report and form a super club, or whichever way they structure it in that, because of the current structure and the amount of infrastructure, there is a possibility of significant stamp duty obligations arising. Has the government looked at that and has there been any move to make sure that stamp duty does not stand in the way of the restructure? The costs could be quite significant, given some of the assets and the amount of land that is involved.

**The Hon. M.J. WRIGHT:** I thank the member for his question. He is right to identify stamp duty as a potential problem but, as I understand it, that may well not be the problem that was first talked about. That issue is still to be worked through. Recent information that has been put to me is that the clubs will probably hold on to their assets and the controlling authority will manage the rights of the assets. So, it may not be the problem that it was first thought to be. However, having said that, should it become an issue, obviously they would need to provide me with the detail in a submission to that effect. I cannot go any further at this stage than say that the government would consider any submission on its merits. That would be something I would have to talk to the Treasurer about, but I am led to believe that it may not be the problem in regard to severity that it was first thought to be, because they are now talking about the management of the assets.

**The Hon. L. STEVENS:** My question refers to Budget Paper 4, Volume 1, page 1.39 in relation to WorkCover and jockeys. Can the minister advise what the position is in South Australia with respect to workers compensation benefits for licensed jockeys?

**The Hon. M.J. WRIGHT:** Yes, I can. This is an important issue that has been around for quite some considerable time, and I think it has been an issue for this government and also the former government. I am pleased to be able to announce that from 1 June 2007 South Australian jockeys have been entitled to WorkCover benefits following the making of a regulation under the Workers Rehabilitation and Compensation Act. The coverage of jockeys by WorkCover has been a complex issue for the racing industry over many years.

Under this new regulation jockeys in every mainland state of Australia are afforded coverage under respective workers compensation legislation. Prior to 1 June 2007, apprentice jockeys were covered, as were elite jockeys who were working directors of their own company, as they were employed under a contract of service. South Australian-based jockeys are covered by the various interstate arrangements when they ride at an interstate race meeting. The previous inconsistent arrangements in South Australia posed a significant issue for interstate visiting jockeys and created the potential for these riders to elect not to come to South Australia.

There are currently 34 licensed jockeys in South Australia and 15 apprentice jockeys indentured to licensed trainers. Under the reform measures, Thoroughbred Racing SA will be the deemed employer of all jockeys and a contract of service will be established for jockeys whilst they undertake horseriding activities. The WorkCover board and Thoroughbred Racing SA have reached an agreement which will lead to a levy rate of up to 15 per cent to ensure claims costs for jockeys are not subsidised by other South Australian employers, and also to minimise any impact on the WorkCover scheme. The levy rate for Thoroughbred Racing SA will be reviewed annually, based on claims experience. Thoroughbred Racing SA has confirmed its total support for the regulations and has advised that additional costs towards the supplementary levy will be funded in part from an extra amount levied on owners of horses on a horse per start basis.

**Ms BEDFORD:** I confess a conflict of interest. I refer to Budget Paper 4, Volume 1, page 1.39, and the Adelaide Cup public holiday, which used to coincide with the Generations in Jazz competition in the South-East, so I am very disappointed it has moved. Can you advise us when the next three

Adelaide Cup holidays will be so that we can work out Generations in Jazz?

**The Hon. M.J. WRIGHT:** We acknowledge the conflicting priorities. In May 2006 I announced the government's intention to move the Adelaide Cup public holiday from the third Monday in May to the second Monday in March each year from 2007. This practice commenced in March 2006 and the change of date has been effected in the previous two years by the issuing by the Governor of an annual proclamation. A proclamation has been issued authorising the substitution of the second Monday in March in lieu of the third Monday in May for the next three years. The dates are 10 March 2008, 9 March 2009 and 8 March 2010.

Consultation has occurred with Thoroughbred Racing SA and the South Australian Jockey Club, which hosts the Adelaide Cup program, with regard to the date for the Adelaide Cup holiday for 2008 and beyond. According to feedback about the 2006 and 2007 Adelaide Cups, they were an outstanding success in terms of both public patronage on the day and support from the interstate racing industry. One of the principal reasons for shifting the date to March from May in 2006 and 2007 was to improve the chance of holding the event in a period of fine weather. Fortunately, that occurred in the past two years and a continuation of the March date in 2008 and beyond will boost the likelihood of a repeat of fine weather.

The fact that the Magic Millions carnival, staged in the same week as the Adelaide Cup event in 2006, was moved to the third week of February did not detract from the advantage of holding the Adelaide Cup event in early March rather than in late May. Thoroughbred Racing SA has indicated that the Magic Millions will again be staged in February 2008 and we can probably make an argument that it is a good thing for the overall benefit of racing to split up those two events.

**Mr PISONI:** I refer to Budget Paper 4, Volume 1, page 1.9, Office for Racing. Will the minister advise whether the Office for Racing will still operate and carry out the tasks it is currently undertaking when a super club controlling body is adopted?

**The Hon. M.J. WRIGHT:** If a super club is established the role of government will not change in any way with regard to the Office for Racing. Just as we now work closely with the racing industry on a range of issues, that will largely stay the same.

**Mr PISONI:** Will there be any savings to the Office of Racing?

**The Hon. M.J. WRIGHT:** No, it is totally unrelated to how the Office for Racing will function and is unrelated to its budget.

**Mr PISONI:** I refer to Budget Paper 4, Volume 1, page 1.37, program 10.1. Last year the opposition asked what direct financial assistance was given to racing. Besides funds to run the Office of Racing, will the minister advise what financial assistance was given to racing in 2006-07 and what will be given in 2007-08?

**The Hon. M.J. WRIGHT:** The advice I have received is that in 2006-07 \$513 000 went to Thoroughbred Racing SA for the Magic Millions carnival and the Adelaide Cup; \$250 000 went to Harness Racing SA for the Interdominion; and, \$175 000 went to the three codes for Be Active funding. Funding for 2007-08 has not yet been determined but would largely depend upon what applications we receive for assistance from the racing industry. The Interdominion is held about once every eight years on average. We thought it was

important—and I know the opposition did also—to make a contribution to a special event of that kind. That will not be held in Adelaide in the coming financial year, but with the others we would expect that we will receive submissions in regard to the cup, the Magic Millions and probably the Be Active funding. We spoke earlier about the component of tax relief, but that will not be until 2008-09 with regard to the Bentley proposals.

**Mr PISONI:** When do the racing bodies have to have their applications in? What is the cut-off date?

**The Hon. M.J. WRIGHT:** There is no set date, but the industry would need to do so before the events. They are fairly well organised in that regard. The Office for Racing works closely with them with respect to upcoming events and potential funding requirements and applications.

**Mr PISONI:** I refer to Budget Paper 4, Volume 1, page 1.9, and my question relates to redundancies. Racing reforms proposed in the Bentley report will result in redundancies within the industry. Does the minister have an update as to the approximate number of jobs that would be lost?

**The Hon. M.J. WRIGHT:** We do not have that type of detail at this stage. They are some of the issues which need to be worked through and which would be worked through by the racing industry. I think the majority of work in respect of thoroughbreds at the moment is determining between the SAJC and the SARC the constitution, and putting forward recommendations in regard to who the directors should be. They will then need to work out that further detail. The due diligence that is being undertaken by harness and greyhound racing may well provide some of that detail.

**Mr PISONI:** When is that likely to be available?

**The Hon. M.J. WRIGHT:** To the best of my knowledge, we would expect something from the dogs in about six to eight weeks; that is the indication they have given us. We are not so sure with respect to the thoroughbreds, but probably four to six weeks.

**The Hon. R.G. KERIN:** I will understand if the minister wants to answer these questions now, but I do not think he will be able to. I have a series of omnibus questions, as follows:

1. Will the minister provide a detailed breakdown of the baseline data that was provided to the Shared Services Reform Office by each department or agency reporting to the minister, including the current total cost of the provision of payroll, finance, human resources, procurement, records management and information technology services in each department or agency reporting to the minister, as well as the full-time equivalent staffing numbers involved?

2. Will the minister provide a detailed breakdown of expenditure on consultants and contractors in 2006-07 for all departments and agencies reporting to the minister, listing the name of the consultant and contractor, 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 as at 30 June 2007, and for each surplus employee what is the title or classification of the employee and the total employment cost of the employee?

4. In the financial year 2005-06 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2006-07?

5. For all departments and agencies reporting to the minister, what is the estimated or actual level of under-

expenditure for 2006-07, and has cabinet already approved any carryover expenditure into 2007-08? If so, how much?

6. (i) What was the total number of employees with a total employment cost of \$100 000 or more per employee and also, 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 at 30 June 2007?

(ii) Between 30 June 2006 and 30 June 2007 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. For the years 2005-06 and 2006-07, will the minister provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister, listing the name of the grant recipient, the amount of the grant and the purpose of the grant and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

8. For all capital works projects listed in Budget Paper 5 that are the responsibility of the minister, would the minister list the total amount spent to date on each project?

**The ACTING CHAIR:** Mr Hanna, do you have any questions on this line?

**Mr HANNA:** I have one quick question. Is there a single figure for the amount of money that the government provides to the racing industry across the board, whether by way of subsidy or grants, and so on?

**The Hon. M.J. WRIGHT:** It varies from year to year. The member for Unley asked me a question earlier, and I provided some figures, which I am happy to do again. However, they are not necessarily consistent each year. In 2006-07, for example, we provided \$513 000 to Thoroughbred Racing SA, the controlling authority, for the Magic Millions and the Adelaide Cup; \$250 000 to Harness Racing SA for the Inter-Dominion, which is held in South Australia about once every eight years; and \$175 000 to the three codes for Be Active funding. Generally speaking, that is the type of funding that we provide. However, it can vary from year to year, depending upon what applications we receive and what is on at the time in the racing industry.

**Mr HANNA:** In the case of the Victoria Park grandstand and the assistance to the racing industry through that provision, will that be in this line of the budget or is it accounted for separately?

**The Hon. M.J. WRIGHT:** It would be accounted for separately. It is not from the Office for Racing.

**The ACTING CHAIR:** We 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.

Mr C. Paul, Manager, Business Services.

**The Hon. M.J. WRIGHT:** I have a brief opening statement. The Office for Recreation and Sport works to build better communities by promoting lifelong involvement in active recreation and sport. The Office for Recreation and Sport funds sport and recreation organisations and providers; supports state, regional and local associations; implements policy and programs; leads recreation and sport planning; manages facilities; provides services for elite sport; and promotes physical activity in all age groups. Increasing

physical activity levels plays an important role in boosting the health and wellbeing of our community. The Office for Recreation and Sport coordinates the state's physical activity strategy, which sets the direction towards a more active South Australia. The strategy underpins the state government's Be Active campaign.

The office has produced the first state physical activity strategy annual report in partnership with other agencies and the community. The grants programs administered by the office includes: the Active Club program (of which members would be aware); the Community Recreation and Sport Facilities program; the Statewide Enhancement program; the Move-It program; and the new Inclusive Recreation, Inclusive Sport program aimed at providing increased physical opportunities for the disabled sector. The work of the South Australian Sports Institute dovetails in very well with our goal to get more people more active more often. SASI plays a pivotal role in assisting young South Australians to pursue an elite sporting career through the identification and development of talented young athletes. This year SASI is celebrating its 25th anniversary. We had a gala dinner last Friday night which I, the Hon. Terry Stephens and many others attended.

During the past year, much progress has been made towards boosting infrastructure capacity. The Office for Recreation and Sport is currently finalising the Major Sports Facilities—Towards 2020 plan, which will provide a framework for the development and sustainability of major sports facilities looking forwards to 2020. The Eagle Mountain Bike Park facility opened in December and is recording around 350 visits each week. The park has already hosted major events such as cross-country, cyclocross and downhill in the World Police and Fire Games in February. Inside Line and Adelaide Mountain Bike clubs have successfully won the right to host a round of the national championships at the park at the end of this year.

The South Australian Cricket Association has secured a total \$25 million funding from the state government, matched by a federal government contribution to upgrade Adelaide Oval's western grandstand. The South Australian National Football League was allocated \$5.5 million, which it recently used to upgrade security and purchase a new superscreen. Today I announced that the government has committed a further \$9 million to assist with the development of AAMI Stadium. Last month I announced \$2.4 million funding for the upgrade of the AM Ramsay Regatta Course at West Lakes to national standard. The government has also committed to develop a new cycling criterium track at State Sports Park.

Progress continues to be made towards a new state aquatic centre at Marion. The government is currently assessing tenders for a development party, with the centre programmed to open in late 2009. The Office for Recreation and Sport will continue its mission to support and strengthen the contribution that active recreation and sport plays in the community in the year ahead. It will continue to boost community, industry and infrastructure capacity as it works to build better communities through active recreation and sport.

**The Hon. R.G. KERIN:** In the way of an opening statement, I pass on my appreciation for the work done by the Office for Recreation and Sport. Having had much to do with many of the sporting organisations, everyone speaks very highly of Dr Hamdorf, Jenny Hughes and his staff. It is always good feedback to get. I think that they do an excellent job and that is well and truly identified throughout the

industry, which is something an opposition cannot always say. Congratulations on the work you do: it is a much appreciated group within the government. I refer to Budget Paper 4, Volume 1 where the implementation of the state level sporting facilities plan is listed as a target for this coming year. The minister mentioned it in his opening statement, but could he talk about it further, detailing when the final plan will be out and the ideas for implementation?

**The Hon. M.J. WRIGHT:** I thank the member for his question and also thank him for his kind words about the Office for Recreation and Sport. Both I and the honourable member in his former capacity as shadow minister and also as leader of the opposition used to attend many sporting functions together, and I know that the honourable member still maintains that strong interest. We certainly enjoyed each other's company at those activities and both of us certainly appreciate the role the office plays throughout the sporting community. This particular question about the state level sporting facility strategy is important.

I did mention it in the opening statement, but I can give some more detail. Cabinet approved a budget allocation of \$100 000 in 2003-04 to develop a state sporting facilities strategy. The final draft report was provided to me for noting in October 2006 and public consultation on the report was open from 18 November until 19 January 2007. Based on the previously developed Draft State Level Sporting Facilities Strategic Plan, submissions from public consultation, a workshop, and a Sport SA summit, the office is currently finalising the major sports facilities Towards 2020 strategy and I would expect that to be completed in the very near future.

The strategy provides a planning framework, a vision for the future, and specific objectives, strategies and key directions to enable the state to provide world-class major sporting facilities. The strategy identifies capital projects for existing major facilities and projects for new major sports facilities. Priorities are provided against each project. Costings are not provided as these are best left for when specific work is done on an individual project at an appropriate time.

The final version of the report has been prepared and circulated to other government agencies for comment. Once that is completed, I will then take that through the cabinet process. I imagine that will happen in the very near future. A lot of work has been done on this. It is only a matter of a few weeks away, I would imagine. As you would be aware (and as I mentioned in my opening statement), things did not stand still while this piece of work was being completed. I talked about the money for SACA, for rowing, the criterium track and for AAMI Stadium today. A number of important contributions have been made to infrastructure for the sporting world while this piece of work was being completed. I think this will be an important pathfinder for us once it is completed.

**The Hon. R.G. KERIN:** On the same budget line, the implementation has been listed as a target and, of course, that would refer to the start of it being implemented. Is the plan reflected in any way in the allocations in the 2007-08 budget?

**The Hon. M.J. WRIGHT:** I think the member was referring to 2007-08. One of the main things that I would say is that part of this general debate is the \$2.4 million which has been made available for rowing to upgrade the on-water facilities. We are also hoping that, as a result of a submission that rowing has made to the federal government, that money will at least be matched by the federal government for off-



water. There is also money in the budget for the criterion track which, I have been advised, is \$635 000. Funding for rowing is over two years, as the member would probably be aware.

**The Hon. R.G. KERIN:** Again, regarding the strategic plan, can the minister confirm if the resurfacing of the running track at Santos Stadium is still a medium priority, as indicated in the draft plan, or does he have other comment to make about any progress we might see with the running track?

**The Hon. M.J. WRIGHT:** It does remain a medium priority. One avenue through which the track could be funded is the State Facilities Fund. Annually, there is \$500 000 in that fund so it may need to be done over a couple of years, but that is a possibility.

**The Hon. L. STEVENS:** My question relates to Budget Paper 4, Volume 1, page 1.37. What is the status of the South Australian National Football League upgrade of AAMI Stadium?

**The Hon. M.J. WRIGHT:** I am getting a little bit of support for the Crows on my right-hand side, which is not necessarily a good thing. We will talk a little more about the Crows in a moment and, as well, we will talk about the more important team, Port Adelaide.

The South Australian National Football League is proposing a redevelopment of AAMI Stadium over five years to the value of approximately \$70 million. AAMI Stadium is owned by the South Australian National Football League and was built in 1973-74. This redevelopment will be the most significant refurbishment since it opened in 1974. The Premier announced on 29 June 2006 funding of \$5.5 million to the South Australian National Football League to contribute to the stage 1 redevelopment of \$21 million. Stage 1, which is now completed, focused on general stadium amenity and operations, and included a second video replay screen, audio system and enhanced security and player amenities. Today the government has committed a further \$9 million worth of support for the South Australian National Football League's redevelopment project.

Just to give people a bit of a snapshot, that \$9 million will go towards things like a new function facility. Members would be aware of where the current members section is and what sits behind the members section with the function facility. It would go out from there and would cater for both Port Adelaide and Crows supporters both before and after the game. It would also cater for the general public in regard to food and beverage items and for entry and exit points. It would also be, in part, for looking after better traffic management. So, this really is an exciting project, and full congratulations to the South Australian National Football League for this very ambitious project—as I said earlier, a five-year program worth approximately \$70 million.

What we are also calling for, now that commitments have been made by the state government, the South Australian National Football League and the AFL, is a commitment from the federal government, because it is important that we get a partnership going here, and for a project of this magnitude it is important that the federal government comes to the party. It has been asked by the SANFL to contribute \$30 million and I hope it is able to do so. As members would be aware, AAMI Stadium is the major outdoor arena in South Australia. It seats about 50 000 spectators and draws something like about one million patrons per year. The SANFL is publicly committed to providing the best possible facilities for both

the players and the South Australian sporting public, and the government is pleased to be a partner in this project.

**The Hon. L. STEVENS:** My next question refers to Budget Paper 3, page 2.5, regarding the South Australian Cricket Association. What has the state government contributed towards the South Australian Cricket Association's redevelopment of the Adelaide Oval's western grandstand?

**The Hon. M.J. WRIGHT:** The state government has pledged a total of \$25 million towards the South Australian Cricket Association's upgrade of the Adelaide Oval's western grandstand and associated member and player amenities. The state government first announced \$16 million towards the upgrade in June of 2006. On 26 January 2007, the federal government announced it would commit up to \$25 million towards the western redevelopment, subject to the South Australian government matching the federal contribution. SACA sought additional funding of \$9 million from the state government to match the federal funding of \$25 million.

On 4 May 2007, the Premier announced \$9 million in additional funding to SACA to support the Adelaide Oval redevelopment project. The \$9 million grant has been included in the Office for Recreation and Sport 2006-07 budget for expenditure. The Office for Recreation and Sport is working with the Crown Solicitor's office to develop and execute the deed of grant and payment by 30 June 2007. The redevelopment will increase the ground's capacity by approximately 5 000 to an estimated total capacity of 37 000 people. Regarding this particular project, I know that the former leader would have also had representations made to him (probably not only as leader of the opposition but as premier). Both parties have had representations made to them over a considerable period of time in regard to the need to modernise Adelaide Oval facilities. They have done, of course, a good job on the eastern side with the Chappell stands, but they really do need to upgrade and modernise the western side. It has been a long time in coming.

I was asking earlier for the federal government to come and partner the South Australian National Football League redevelopment, and, once again, it has contributed \$25 million towards the upgrading of the beautiful Adelaide Oval—and I congratulate them for doing so. We have matched the funding. This will be a fabulous project. It really will bring the Adelaide Oval up to modern day standards and will be something, I think, that all South Australians can be proud of.

**The Hon. L. STEVENS:** This question relates to state facilities, rowing—Budget Paper 3, page 2.5 and Budget Paper 5, page 13. Is the government aware that the AM Ramsay Regatta Course at West Lakes no longer meets FISA competition and safety requirements?

**The Hon. M.J. WRIGHT:** A very strong case has been brought to government. What I would like to do is to congratulate rowing, because it has certainly gone through the required steps, and this has enabled the government to be able to come forward and provide \$2.4 million over two years to upgrade the AM Ramsay Regatta Course at West Lakes to a national standard. From memory, I think the last time we had the national rowing was in 1997—I would need to be reminded of that—but rowing has made a very strong case that it needs to bring the AM Ramsay Regatta Course up to national standard, for not only the safety of rowers but also, of course, school and other groups that use it as well. If it is able to do this, it will again be able to attract a national event to South Australia.

The South Australian Rowing Association completed a feasibility study and business case to support a budget bid for the upgrading of the course and onshore facilities. I talked earlier about a submission now sitting with the federal government for off-shore, so I am hoping the federal government can come to the party. Then we will have an international facility which will be even better.

On 28 May I was pleased to announce funding of \$2.4 million over two years for on-water works that will bring the course back to national standard. This upgrade will include a new lane cabling system, starting and finishing pontoons, and a judges' tower. Amber Halliday made a very good point when we announced this, saying 'Well, we go backwards, so we really need to have our facilities safer than other sports.' It will greatly enhance the training and competition environment for all athletes as well as improving safety for recreational users through the provision of a fully buoyed course.

The South Australian Rowing Association has indicated that it is looking to the federal government for some assistance and, as I said, that would bring it up to international standard. Rowing, canoeing and dragon boats use the A.M. Ramsay Regatta Course for competition and training purposes, and the facility is currently the headquarters of the National Lightweight Women's Program and the SASI Centre of Excellence for Rowing and Canoeing. The A.M. Ramsay Regatta Course has hosted prestigious events such as the World Masters Rowing Championships in 1997 and national championships on four occasions. It is hoped that national championships will again be held at the course from 2009. As I said, although rowing is the main user, canoeing and dragon boats also make use of this facility.

**Mr HANNA:** Could the minister tell me whether, in that budget line for recreation and sport, it is possible to categorise funding from government into different types of sport? For example, how much does government give to basketball, how much to cricket, how much to football?

**The Hon. M.J. WRIGHT:** I thank the member for his question. We do not do that routinely, but we could do it. Of course, we would need to split capital from recurrent and in some cases, as the member would be aware, it would be multipurpose (I was just referring to rowing, canoeing and dragon boats but there would be other sports as well). I do not have this detail, but we can provide it to members.

The other point is that you would be very familiar with the Active Club Program in particular, and you would also be familiar with other grant programs. The Office for Recreation and Sport does provide me with information from time to time not only about what is of most concern (that each electorate gets its notional \$50 000) but also with data about what sports are getting what. We could do that with some of our other grant programs whereby we look at what sports are getting what money.

**Mr HANNA:** Could that be taken as a question on notice—at least in respect of basketball, cricket and football?

**The Hon. M.J. WRIGHT:** Yes; we will have a go at that for you, and for other members. The honourable member may also be aware of another program called the Statewide Enhancement Program Stream 1 (STEP), where we give money to the peak bodies. It will be very easy to give the honourable member data about which sports we give that money to and relatively easy to give him the information about what money goes to what sports for Active Club, and we will certainly have a go at the other stuff as well.

**Mr HANNA:** Thank you. My second question is very specific. I am a patron of the South Adelaide Basketball Club, which has a dilapidated two-court stadium in Marion. Eventually the club will need to either buy another court (for example, there is a local high school which may be closing and there might be a possibility there) or construct new facilities, preferably with at least four courts. What scope is there within the budget for something which, I expect, would be more costly than what would be provided for by the usual regional facilities grants?

**The Hon. M.J. WRIGHT:** I recommend that the club have a close look at our Community Recreation and Sport Facilities Program. The maximum for that program is \$300 000 (in cash or kind), and that has to be matched. The other thing the club should probably be doing is talking to Basketball SA and to the local council, because it may be that with these types of projects we have to partner. It is done very well in country areas; there have been some really good facilities where money has come from this program. Some groups have received the maximum, but they have also had partnerships as well, and there have been some really big projects around the state.

**Mr HANNA:** My third question is also very specific. I spoke to a member of the Southern Districts Cricket Club the other day, who had heard that the South Adelaide Football Club, with its excellent premises down south, paid only a peppercorn lease for the facilities it enjoys. Of course, the nature of the club is that it cannot really share with other sporting groups in the area. So, some members of the Southern Districts Cricket Club feel that they should have better facilities and that there is a lack of parity with what the South Adelaide Football Club gets.

**The Hon. M.J. WRIGHT:** I thank the member for his question. I am not so sure about the Southern Districts Cricket Club or even where it is located in relation to the South Adelaide Football Club, but I do know that the South Adelaide Football Club does have a peppercorn lease. Of course, it also has responsibility for maintenance, upkeep, care and control. I am not sure where the cricket club is, but as a government we would encourage partnerships. If football clubs can join with cricket clubs that is a good thing and means more use of a facility.

**Ms BEDFORD:** All my questions refer to Budget Paper 4, Volume 1, page 1.38. What specific initiatives has the government implemented to enhance participation in sport and recreation for people with a disability?

**The Hon. M.J. WRIGHT:** I thank the honourable member for her question and her particular interest in this area. I am really proud of this one. We have introduced a new funding program, the Inclusive Recreation Inclusive Sport program, which is specifically aimed at assisting organisations that create and maintain opportunities for people with a disability to participate in active recreation and sport and physical activity programs. The program has been designed to support a coordinated approach to achieving strategic outcomes for the disability sector and will also assist in providing a more effective and targeted approach to ensuring resources are allocated appropriately to this sector.

A total of \$500 000 has been made available through IRIS through three separate funding categories. The Stream 1, or top-up category of the fund, is available to support peak disability sporting groups or state sporting organisations for people with disabilities to apply for assistance for their core business activities. The Association of SA Blind Sporting Clubs, Riding for the Disabled SA, South Australian Deaf

Recreation Association, SASRAPID, Special Olympics SA and the Wheelchair Sports Association of South Australia shared in \$100 000 to assist in the running of their organisations through Stream 1 of the 2006-07 IRIS program. Organisations can also apply for grants of under \$5 000 through Stream 2 of the IRIS to support minor projects such as the purchase of minor equipment or service delivery support.

Stream 3 IRIS funding assists organisations with major projects and may comprise assistance of between \$5 000 and \$50 000 for equipment purchase, project and program service delivery and facility upgrades. Funding was recently approved to support 13 minor projects and 18 major projects under the 2006-07 program. The 2007-08 funding from IRIS may be allocated for up to three years for each eligible organisation or project. This is consistent with the funding arrangements currently in place for the government's statewide enhancement program. The 2007-08 round of IRIS will open in early July 2007. The government recognises the need to support people with disabilities to ensure that they have opportunities to participate in sport and recreational activities.

**Ms BEDFORD:** What is the government doing to support community-based active recreation and sports clubs in South Australia?

**The Hon. M.J. WRIGHT:** Through the Office for Recreation and Sport the government provides financial assistance to community-based sport and active recreation organisations through the Active Club program. I also thank and acknowledge the role of local members of parliament. This is a particularly important program, not just for the sporting community but also for us as local members because, as members would be aware, there is a notional allowance of \$50 000 over two rounds per electorate. The Active Club program was established under the Gaming Machines (Miscellaneous) Amendment Act 1996. The Active Club program is designed to assist not-for-profit community-based sport and active recreation organisations to develop and expand the services they provide, thereby increasing the community's access to quality sport and active recreation activities and facilities.

Organisations can apply for one of three types of grants through the Active Club program: local initiative, minor capital works or Youth Encompassing Sport (YES) grants. Grants of up to \$20 000 can be allocated for minor capital works projects and up to \$10 000 for local initiative and YES projects. The budget for the Active Club program for the 2006-07 financial year is \$2.35 million allocated over two funding periods. As I said, a notional allocation of \$50 000 is available for each of the 47 electorates per year. These notional allocations are split over the two funding rounds per year, resulting in a notional allocation of \$25 000 per round. I can indicate that 201 organisations were successful in receiving an Active Club Program grant in the first round of 2006-07, receiving grants totalling \$1 110 373. The successful grant recipients were announced in February 2007. The second round of 2006-07 opened on 7 April 2007 and closed on 21 May 2007. Organisations are expected to be notified in late August 2007.

**Ms BEDFORD:** My final question is in relation to the sport of mountain biking. How is the new Eagle Mountain Bike Park benefiting the mountain bike community?

**The Hon. M.J. WRIGHT:** I thank the member for her question, and I can inform her that Eagle Mountain Bike Park has been developed by the state government to provide an

area in close proximity to Adelaide where people of all ages, fitness and skill levels can experience recreational and competition mountain bike riding on purpose-built trails in a natural environment. The park provides an opportunity to demonstrate best practice techniques in the planning, establishment and maintenance of both mountain bike-specific and shared-use recreational trails. The park is also used for managed local, state and national events.

Eagle Mountain Bike Park opened to the public on 22 December 2006 and is currently attracting 350 visits per week. Inside Line and Adelaide mountain bike clubs have been successful in bidding to hold a round of the national mountain bike series in November 2007. It is estimated this event will attract more than 700 visitors from interstate. This equates to over 2 600 bed nights, which will provide significant economic benefit to South Australia. Works have been just completed to raise the standard of the downhill trail from state to national level.

**Mr PISONI:** My question relates to page 1.19. Can the minister update the committee on the time lines for the construction and opening of the state swimming centre at Marion? Is the money in the budget and, if so, where do we find it?

**The Hon. M.J. WRIGHT:** I thank the member for his question. This is another important project and I appreciate the member's interest in this. It has been recognised in various reports dealing with public aquatic facilities that there is a need for a state level aquatic centre and regional indoor facility in the south-west of metropolitan Adelaide. Adelaide does not have a FINA standard aquatic facility and is the only capital city in Australia without a suitable venue—and, of course, it is incredibly important that we have one.

The Marion PPP State Aquatic Facilities Project is based on a state government contribution of \$15 million, a commonwealth government contribution of \$15 million and a Marion council contribution of \$5 million plus land. Cabinet recently approved the project to seek expressions of interest to develop and finance the project. A draft memorandum of agreement between the Minister for Infrastructure and the City of Marion has been signed by both parties. The expression of interest process was finalised at the end of December 2006 and three private parties were short-listed. A request for proposal to select a potential development party was called in March 2007. The request for proposal closed in early May. Tenders are currently being assessed, and this is expected to result in a recommendation going to cabinet shortly.

The preferred consortia will work with the state government and the City of Marion to develop the best scheme for the development. The work will involve detailed design and selection of an aquatic facility operator. The RFP process is aimed at selecting a potential development party. It is not a call for construction and tenders. The successful development party will be responsible for construction, which is planned to commence around mid 2008, subject to it being able to present a suitable and workable scheme.

**Mr PISONI:** Minister, you said it was a PPP but you identified \$35 million of public money. How does that work? There will be a public investment and there will be a private investment: who will own the asset? And when will the asset be turned 100 per cent to public ownership? What percentage of the asset will be in private ownership and what percentage will be in public ownership?

**The Hon. M.J. WRIGHT:** The honourable member is right in what he says: the \$35 million contribution is made up

of a state commitment of \$15 million, a federal commitment of \$15 million and \$5 million, plus the land, from the council. The commitment from the private sector is subject to the procurement process, which is being worked through. In regard to the other questions of who will own it, when it will be returned to the public and what percentage is public/private, those sort of details are being determined through the procurement process.

**Mr PISONI:** I take it the \$35 million is capital expenditure and the \$5 million from the council is plus land. What is the value of the land? If it is going to be a PPP, will it be privately operated and will there be costs to the department annually of contributing to the private operation?

**The Hon. M.J. WRIGHT:** We are in a tender process at the moment, so I am limited in what I can say. As to how it is applied, that will be subject to the request for proposal. The value of the land will depend on the successful bidder and what they attach to the land. Any other details will be worked out as a result of the request for proposal.

**Mr PISONI:** I refer to the figure of \$35 million, plus the acquisition of the land. Did the department do modelling to establish that that is the public contribution needed for it to be a viable private sector operation?

**The Hon. M.J. WRIGHT:** Yes, the honourable member is correct. Modelling is done between ourselves, the Office for Infrastructure and the PPP Unit, which sits in the Department of Treasury.

**Mr PISONI:** Was that the absolute minimum required or was a range recommended?

**The Hon. M.J. WRIGHT:** It is based on a business model and on negotiations between the parties.

**Mr PISONI:** I refer to Budget Paper 4, Volume 1, page 1.37, under the heading 'Vacswim'. What is the government's financial commitment to the Vacswim program for the 2007-08 budget and will the minister commit to increasing the promotion of the Vacswim program next summer, given that the number of children attending classes has decreased markedly over the past decade? Have tenders as yet been called for the 2008 Vacswim program?

**The Hon. M.J. WRIGHT:** This is an important program, as members would be aware. It is a vital government program that provides children between the ages of five and 18 with opportunities to develop a range of skills and positive experiences in the areas of water safety, confidence and competence in the water, personal survival activities, emergency procedures and basic swimming stroke improvement. A contractor is engaged to manage, organise and conduct Vacswim at locations throughout South Australia each January. An agreement was negotiated with the current contractor, Leisure Co, which commenced in 2002 for three years plus two years. The Office for Recreation and Sport was advised by DAIS Corporate Procurement Services in May 2006 that the minister had the right to extend the contract (if needed) for an additional year, subject to confirmation from the Crown Solicitor's Office, received in May 2006. Based on this advice, negotiations were commenced with Leisure Co for it to conduct Vacswim in 2007, which it agreed to do. That agreement will expire on 30 June this year.

Over the past three years there has been a decrease each year in the number of participants attending Vacswim. There were 22 455 enrolments for Vacswim in 2004; 20 583 enrolments in 2005; 18 677 enrolments in 2006; and in 2007 the decline was halted, with numbers increasing slightly to 18 798. The government has worked hard with the contractor

to address the decline. However, a lot of variables come into play. The ones that can be addressed—such as marketing, promotion, service quality and locations—are constantly being reviewed with the contractors. The government is satisfied with the effort that Leisure Co has put into these areas. Beyond the government's and the contractor's control are items such as the weather, the negative publicity generated by unprecedented shark sightings during the past three summers, pool closures, increases in pool entry fees and the increasing number of children involved in vacation care programs. Vacswim 2008 will be conducted between 7 January and 17 January 2008.

**Mr PISONI:** Has a tender been called for 2008, or is the minister using his ministerial authority again?

**The Hon. M.J. WRIGHT:** No. I have done that previously, but I am not doing it this time. The Office for Recreation and Sport undertook to go to a public tender process for the delivery of Vacswim for the period 2008 to 2010 with an option to extend through to 2012. We have gone out to tender for that.

**Mr PENGILLY:** I refer to the same budget line. With respect to the reduction in numbers (and the minister said there was a slight improvement this year), is there any way of identifying whether, percentage-wise, that reduction has been greater in the metropolitan area as opposed to the country? If that is the case, what is the reason? I am happy for the minister to take the question on notice. I find it rather alarming that the numbers are reducing. I think that in Australia we have to educate our children in water safety. I would be pleased if the minister could provide me with that advice.

**The Hon. M.J. WRIGHT:** I will take that question on notice. It is a good question. We do not have that information available, but it will be provided to the member. These days, Vacswim has a lot of competition. However, I will obtain that detail to see where the numbers are tracking in comparison with metropolitan and country areas. We have no idea at this stage what they are, but we will obtain that detail.

**Mr PISONI:** I refer to Budget Paper 4, Volume 1, page 1.9: the State Strategic Plan. Last year in this committee the opposition spoke about concerns raised regarding the identified deficiency in the number of soccer pitches in the metropolitan area. Can the minister provide an update on that matter?

**The Hon. M.J. WRIGHT:** I was in hospital when estimates were held last year, and it did not become a highlight of my reading—although I read a few books while I was there. There are a couple of aspects here. With respect to soccer pitches, the fund to which I referred earlier—the Community Recreation and Sport Facilities Fund—would most likely be the grant program to which groups would apply. Whether there are enough, too many, not enough, or whatever, would be something that the FFSA would take a role in, because the number of pitches would need to be planned through the association. That would be the best fund for groups to apply to. In fact, I have had a request from the member for Enfield and his electorate in regard to the Enfield Soccer Club, and that is the fund to which I have referred them.

**Mr PISONI:** I refer to Budget Paper 4, Volume 1, page 1.9: facility development. With respect to facility development needs flagged in the Draft State Level Sporting Facilities Strategic Plan, can the minister update the committee on the progress of feasibility studies into the state baseball centre and the ice sports centre?

**The Hon. M.J. WRIGHT:** I can give some detail in regard to baseball. Baseball SA has completed a review of facility requirements for the sport of baseball in metropolitan South Australia. As part of this review, Baseball SA has identified and established the need for a state baseball centre at the State Sports Park at Gepps Cross. I have met with baseball representatives on at least a couple of occasions, if I recollect correctly.

The States Sport Park master plan supports this outcome. In addition to the State Baseball Centre, Baseball SA has also determined a need for a southern and northern regional hub facility for the sport to support training, development and pathway programs. The northern regional hub would be located at the state centre and service the Golden Grove, Northern Districts, East Torrens, Playford City, Kensington and Port Adelaide Baseball clubs. The southern regional hub location is currently under consideration and will service the Goodwood, Glenelg, Sturt, Adelaide, West Torrens and Southern Districts Baseball clubs.

Following a review of the Office for Major Projects and Infrastructure, on the current study prepared by Baseball SA, the Office for Recreation and Sport has been advised that the current business case and economic and financial assessments need further work to meet the state infrastructure planning process. The cost of this work has been estimated at \$40 000. Funding of up to \$20 000 has been approved by the Office for Recreation and Sport to support the cost of a business case on the basis of a 50-50 cost sharing arrangement between Baseball SA and the Office for Recreation and Sport. In the event that the cost of the work is less than \$40 000, both parties will receive equal savings. Baseball SA, in collaboration with Hockey SA, is currently seeking a commonwealth grant of approximately \$18 million to fund the baseball facility and additional hockey pitches at the State Sports Park. The Office for Recreation and Sport understands that both baseball and hockey are awaiting a response to their submission.

**The ACTING CHAIR:** There being no further questions, I declare the examination of the Minister for Recreation, Sport and Racing completed.

#### Membership:

Mr Williams substituted for Mr Pengilly.

#### Additional Departmental Advisers:

Ms M. Patterson, Executive Director, SafeWork SA.

Mr P. Hampton, Director of Policy and Strategy, SafeWork SA.

Mr E. Brooks, Executive Director, Public Sector Workforce Division.

Mr G. Salter, Director, Public Sector Workforce Division.

Mr A. Katic, Ministerial Adviser.

Mr P. Summerton, Ministerial Adviser.

**The ACTING CHAIR:** I refer members to the Budget Statement, in particular pages 2.5 to 2.7 in Appendix C and the Portfolio Statement, Volume 1, part 1. I call on the minister to make a statement, if he so wishes, and then I will call on the lead speaker for the opposition to make a statement, if he so wishes.

**The Hon. M.J. WRIGHT:** In the spirit of bipartisanship, the shadow minister and I have both agreed not to make an opening statement. We can probably live without them.

**The ACTING CHAIR:** Congratulations to both gentlemen on that.

**Mr WILLIAMS:** I refer to Budget Paper 4, Volume 1, page 1.9, targets for 2007-08. One of the targets is stated as being to implement an across government long-term liabilities management program to reduce the government's outstanding workers compensation claims liabilities. My questions to the minister are:

1. What specific strategies are being implemented across government agencies to reduce the government's outstanding workers compensation claims liabilities?

2. What targets and KPIs have been set?

3. Will the minister detail to the committee (and the last part may have to be taken on notice) what the government's current outstanding workers compensation claims liabilities are?

4. Will the minister provide a breakdown of claims agency by agency?

5. Will the minister give the committee some understanding of how the results achieved by the government, as a self-insurer, compare with WorkCover Corporation?

**The Hon. M.J. WRIGHT:** I think I can give most of the information to the member. The Public Sector Workers Compensation performance is monitored by the Public Sector Workforce Division, Department of the Premier and Cabinet. For the 12 months to the March 2007 quarter, there were 4 987 new claims, which is 245 (4.7 per cent) fewer than at the same time last year. The long-term four-year trend shows a general decline since the March 2003 quarter at an average rate of 12 claims per quarter. For the 12 months to the March 2007 quarter, total expenditure on all claims was \$90.3 million, which is \$1.8 million (2.1 per cent) more in real terms than at the same time last year.

Most of the increase was from section 42 lump sum payments in the June 2006 quarter, the result of increased redemptions from TVSPs. In an historical context, the four-year trend in total expenditure is generally stable, averaging \$22 million per quarter. External actuaries conduct valuations of the South Australian Public Sector Workers Compensation outstanding liability annually, as at 30 June.

The estimate is the amount required to manage and close all existing claims, if no more workers compensation claims occur after the financial year. The latest valuations are to 30 June 2006. Actuaries are currently conducting valuations to 30 June 2007 and the results will be available by July this year. The latest estimated outstanding liability, as at 30 June 2006, is \$344.2 million. The increase for 30 June 2005 was \$34 million and for June 2004 it was \$18.4 million. The smaller increase in the latest 30 June 2005 valuation is a positive outcome that needs to be viewed in the context of the introduction of the Workplace Safety Management Strategy. Data will be provided on an agency basis in due course and will be published in the agency's annual reports.

**Mr WILLIAMS:** You do not collate that information and consolidate it into one document?

**The Hon. M.J. WRIGHT:** I do get a report and we can provide you with that detail.

**Mr WILLIAMS:** I am quite interested in the particular strategies that have been implemented. They are mentioned in an across government long-term liabilities management program, as I referred to in my opening statement. Interest has been created in the past few days, particularly with regard to the approach taken in the education department. The Minister for Education said that they were going to institute a levy on individual work sites so that each work site would

be more attuned to the need to manage the work site to reduce workplace injury on an individual basis. I guess this is a drive to sheet home the responsibility for each work site. Is that sort of strategy being implemented across government?

**The Hon. M.J. WRIGHT:** Agencies are responsible for their own business but we do have a zero harm vision for the South Australian public sector through a comprehensive strategy to improve safety in the public sector (2007 to 2010). This strategy supports the South Australian Strategic Plan (2.11—greater safety at work through the zero harm vision). The Safety in the Public Sector 2007-2010 strategy is designed with four interlocked and mutually supporting elements which are principles based and outcomes focused. These are: sustainable commitment, financial accountability, integrated risk management and rigorous evaluation. The strategy requires ministers, chief executives, managers and supervisors to support the government's commitment to public sector safety.

The government adopted the Safety in the Public Sector 2007-2010 strategy on 26 March this year and it becomes effective as at 1 July. The strategy provides ongoing support for and will build on improvements achieved through the Workplace Safety Management Strategy 2004-2006, which was launched in August 2004. So, we do have this zero harm vision, and that sits over the top, if you like, at a macro level, but of course agencies are responsible for managing their business.

**Mr WILLIAMS:** Is that strategy a public document, because I have not been able to find it on your website?

**The Hon. M.J. WRIGHT:** I am certainly happy to provide you with a copy of that.

**Mr WILLIAMS:** I now move on to the following highlight: 'manage the placement of excess employees across the public sector'. How many excess employees are there, and how many have been unassigned for in excess of three months, six months and 12 months?

**The Hon. M.J. WRIGHT:** Placement Services provides a service to agencies. The current government policy is that no public sector employee will be subject to forced redundancy, as the member would be aware. Placement Services within the public sector workforce division, manages excess employees off-site, with a substantive agency responsible for providing a package of work and accommodation until the excess employee secures an ongoing funded position. Placement Services currently manages 43 excess employees for the following client agencies: DEH, DTED, DTEI, DTF, SA Water and the South Australian Electoral Commission.

From 1 July 2006 to 31 May 2007, Placement Services has placed 29 excess employees in ongoing funded positions. As at 31 May 2007, of the 43 excess employees Placement Services currently manages, 30 are in temporary funded positions, nine excess employees are in alternative positions and four are on extended leave/WorkCover. In regard to the breakdown, three months, six months and so forth, I will have to take that on notice and get that for the member. I make the point again: this is what is done by Placement Services, for which I have responsibility, but agencies also manage some of their own excess employees. It is only when they are retained by Placement Services that it becomes my responsibility.

**Mr WILLIAMS:** It beggars my imagination how, with the growth in the public sector over the past five years—when in the opposition have identified at least 10 000 full-time equivalents over and above what has been budgeted for, although the number is less than what it has been historically,

I think, at 43—there are still unassigned public servants, that you cannot find somewhere to put them into meaningful permanent employment.

I refer to page 1.31 and Industrial Relations. How many full-time equivalents are employed in the agency? Can the minister provide the committee with a breakdown of those employed in each of the sub-programs within the agency? You may or may not be able to do this, but it may be easier for the committee if I were to ask the question for both sub-programs of the whole department—that is, sub-program 8 Industrial Relations and sub-program 9 Employee Advocacy—as it would save asking the same question. How many full-time equivalents are there across both those agencies, and can the minister provide a breakdown of those employed in each of the sub-programs as well as an organisational chart of each agency and its sub-programs?

**The Hon. M.J. WRIGHT:** We can provide all that detail, but I will give you some of it now. The largest, of course, is SafeWork SA, the workforce budget of which totals 306 full-time employees. SafeWork SA comprises 128 inspectors—89 occupational health and safety inspectors and 39 industrial relations inspectors, 43.8 administration staff and 134.2 specialist staff, technical officers, policy advisers and managers. My part of the public sector workforce division is 43.

**Mr WILLIAMS:** Minister, are you able to give the committee a breakdown of the \$1.1 million identified in Budget Paper 3 as being the cost of the review into WorkCover? From memory I think it is \$0.3 million in the current financial year and \$0.8 million in the upcoming financial year. Can you give the committee a breakdown of where those costs are expended?

**The Hon. M.J. WRIGHT:** I think I can give you the details but I am taking this on advice. If it is not correct I will come back to you. You are right; it is \$1.1 million spread over two financial years—\$300 000 this year and \$800 000 next year. I think the breakdown is something like this: consultants, \$0.7 million; goods and services, \$0.3 million; and internal charges, \$0.1 million. However, if those numbers are slightly out I will come back to you on that.

**Mr WILLIAMS:** I turn now to Budget Paper 4, Volume 1, page 1.34: Employee Advocacy. Income from sales and goods and services has grown from \$2.5 million in 2005-06 to an estimated \$5.3 million in 2006-07, and it continues to increase to \$5.4 million in the budget for the year 2007-08. What is the explanation for this growth and what are the goods and services that are sold from the agency?

**The Hon. M.J. WRIGHT:** This does come up a number of times. It is because of the adjustments from the abolition of DAIS. I can go through it in greater detail if necessary.

**Mr WILLIAMS:** Can we have just a bit more detail?

**The Hon. M.J. WRIGHT:** Yes, of course. Last year's budget papers advised that the abolition of DAIS and the associated restructure of other government departments would be put in place in 2006-07. The restructure was completed in 2006-07 with information technology, the Land Services Group and building management moving to DTEI, fleet management and contract service functions moving to DTF, and workforce management functions as well as racing, recreation and sport moving to DPC. The budget papers also indicated that opportunities for greater efficiencies and cost savings from the elimination of administrative functions would be created. This has progressed with DTEI identifying potential savings in IT, DTF identifying potential savings in corporate services, and DPC identifying potential savings

from the abolition of the former office of the chief executive for DAIS.

These outcomes have led to some adjustments to individual agency budgets so as to reflect the full costs of each of the agencies to which these efficiencies are to be applied. The former DAIS had a system of budgeting which included practices such as internal cross-charging for goods and services provided by other DAIS units. As a result of the break-up and discontinuation of the practices mentioned earlier, budget figures for 2006-07 and 2007-08 have been adjusted. The efficiencies highlighted earlier will now be applied to the new base budgets as they are realised. The realignment of budgets to reflect these revisions have been determined to ensure budget neutrality across government.

**Mr WILLIAMS:** I am not sure how that answers my inquiry. What are the goods and services that the Employee Advocate sells to derive an income budgeted for the following year of \$5.4 million?

**The Hon. M.J. WRIGHT:** Examples would be sale of consolidated awards, sale of Workers Compensation Tribunal decisions, sale of award variations, sale of industrial reports, Industrial Relations Commission subscriptions, Industrial Relations Court recoup, miscellaneous sundry fees and charges and Workers Compensation Appeal Tribunal recoups. They are the types of things we are talking about—mostly in the court and commission.

**Mr WILLIAMS:** I have a similar question relating to page 1.31. What is the explanation for the increase in revenues from fees, fines and penalties from \$8.6 million to the estimated result of \$14.6 million in the current financial year?

**The Hon. M.J. WRIGHT:** I thank the member for his question. The first reason is similar to what I said before in regard to the DAIS abolition, but it also has in it the first full year of the WorkCover funds as a result of SafeWork SA being established, as you may well recall, putting all the occupational health, safety and welfare under the one umbrella. There was an agreed transfer of money from WorkCover to SafeWork SA which took on the total responsibility of occupational health, safety and welfare. As the member might remember, prior to the SafeWork legislation going through the parliament, we had occupational health, safety and welfare being done partly by what was then Workplace Services and also partly by WorkCover. Now, of course, with the introduction of the SafeWork SA legislation, that is all transferred to SafeWork SA and we see a transfer of moneys from WorkCover.

**Mr WILLIAMS:** My last question on this budget line is in line with our earlier discussions. Last year I asked a question in estimates committee, and minister Hill was acting—

**The Hon. M.J. WRIGHT:** I was in hospital.

**Mr WILLIAMS:** You were, indeed. I asked a question about potential savings in the conciliation and arbitration area because of the federal WorkChoices legislation. Minister Hill, acting in your stead at that stage, stated that there was hoped to be a saving of \$100 000 in that area in the year 2006-07, and in the upcoming year 2007-08 there should be increased savings up to \$530 000. Since that time we have had the handing down of the High Court decision which confirms the federal legislation. I refer to the figures in sub-program 9.12 on page 1.36. These figures only show the net cost of the program which makes it difficult to understand what they are saying. I guess my question is: is there an expectation that we will see savings of \$530 000 in the upcoming year?

**The Hon. M.J. WRIGHT:** There is a saving that you can see in the budget of 2007-08 compared with the estimated result for 2006-07, but I think I will get Michele to explain that in a bit more detail.

**Ms PATTERSON:** The projected savings of over \$500 000 for the 2007-08 year have been included in the new base budget figure of \$3 566 000. However, these are partially offset for the reasons the minister gave before in terms of how all the budget adjustments have been made from 2006-07 to 2007-08: plus, of course, indexation has been included in that budget for 2007-08. So that partially offsets the over-\$500 000 savings.

**Mr WILLIAMS:** Can you indicate the amount of indexation that is involved?

**The Hon. M.J. WRIGHT:** The indexation factor was 2 per cent and, of course, these savings largely came as a result of the very difficult decision not to reappoint former DP Hampton and former Commissioners Dangerfield and Lesses. There would have been staff associated with those people as well. Although I have done it before, I will do it again and put on the public record their great service to the commission. It was certainly not a decision that the government took lightly or something that I liked doing. Of course, as the shadow mentioned, with the changing face of industrial relations because of WorkChoices, we had no choice, and that decision has been vindicated.

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

Ms J. Davison, Chief Executive Officer, WorkCover.

Mr I. Rhodes, Chief Financial Officer, WorkCover.

Mr P. McEvoy, Manager of Policy and Government Relations, WorkCover.

Mr P. Hoppo, Ministerial Adviser, Department of the Premier and Cabinet.

Mr B. Cinnamond, Manager, Worker's Compensation Review, Department of the Premier and Cabinet.

**Mr WILLIAMS:** Minister, can you explain to the committee what occurred between June and November 2006 to explain the difference between CEO Julia Davison's statement in the WorkCover Strategic Plan Update in June 2006 that 'we remain confident of achieving our long-term targets and, in particular, our overarching goal of a fully funded scheme by 2012-13', and the subsequent report in November from the WorkCover Board to you which acknowledges that, without significant changes to the scheme, such long-term targets would not be met?

**The Hon. M.J. WRIGHT:** The honourable member refers to a period between June and November 2006 and then to a report by the WorkCover board with regard to the need for a change to legislation. The review by the actuary, where he re-estimated the liabilities of long-term claims, changed the thinking. The biggest challenge is the long-term claims, which is something that all workers compensation jurisdictions have had to tackle. The challenge is probably bigger than was expected earlier by the board.

**Mr WILLIAMS:** On that point, I refer to the minister's statement in the parliament on Thursday 29 March that the appointment of the new WorkCover board has 'assisted in identifying the true financial position and performance of the scheme'. That board has been in place for a number of years now. Has it identified the true financial position and performance of the scheme and, if so, how is it that the minister continues to claim that the unfunded liability identified by the board is not a debt?

**The Hon. M.J. WRIGHT:** The honourable member asks why it is not a debt. It is an estimation of claims liabilities over the next 40 years. Why 40 years? Because that is the potential length of a worker's injury claim. Those estimations will change over time. Part of the challenge now is to make some changes that will impact upon the actuary's thinking. It is not a debt that has to be paid today or tomorrow, but simply an estimation of claims liabilities over the next 40 years, and those estimations made by the actuary will change over time.

**Mr WILLIAMS:** Notwithstanding that it is an estimation, we have to assume that it is the best estimation we can possibly make. Is it not an estimation of a liability or an estimation of the ongoing debt? It is money that it is estimated will have to be found at some stage across those out years.

**The Hon. M.J. WRIGHT:** You are agreeing with what I said: that it is an estimation of claims liabilities, and that estimation will change from time to time. You could look at other schemes or at this scheme. The actuary bases his numbers on an estimation of claims liabilities. Can all those injured workers come in and get their payments tomorrow? Of course they cannot. That is what it is: an estimation of claims liabilities over the next 40 years.

**Mr WILLIAMS:** I am sure the minister will correct me if I misinterpret what he is saying, but my understanding of what he just said is that there is a suggestion that, in time, the estimations will change. Given that they are an estimation of current claimants and not an estimation of future claimants, is it not true that those estimations will change only if the way in which those claimants are treated, that is, you change the scheme? Is the minister indicating that he will retrospectively change the rules pertaining to those current claimants?

**The Hon. M.J. WRIGHT:** A number of factors could come into play here, including assumptions on inflation, medical and other costs, as well as return to work. If you can get a person back to work quicker, obviously, those estimations will change.

**Mr WILLIAMS:** Is the minister prepared to give an undertaking that there will be no retrospectivity in any proposed legislative changes that you bring to the parliament?

**The Hon. M.J. WRIGHT:** The government is still considering its position in regard to legislation and other matters. From the time I announced the review, I have said that I do not intend to pre-empt that review. I think that we need to allow the people conducting the review to do their work, provide the advice based on the questions that we asked of them and see what comes of that.

**Mr WILLIAMS:** Given the minister's previous statements on a number of occasions regarding the quality of the current WorkCover board, on what basis did he choose to hold yet another review rather than take the advice that the board—I can only assume—gave in a fully considered way to him last November?

**The Hon. M.J. WRIGHT:** The government decided to use the recommendations that were provided to it by the board as a foundation for the review. Obviously, that forms a very important part of the review we are now doing into the workers compensation system. I have said—and I will say it again—that this board has done an excellent job. It has made a number of changes. It has put in place very good management. We have seen changes in regard to legal and claims management. The board has come forward with a set of recommendations which are primarily for legislative change.

What the government has now done is to ask for some advice not only on that and any other legislative proposal that

could or should be considered but also on other factors as to how the scheme can be made more robust and how we can be better at getting people to return to work. Some of that may include legislation and some of that may include non-legislative matters. The government also wants to know what role the various stakeholders and professionals involved in the running of workers compensation play and how that can be improved.

**Mr WILLIAMS:** Several people have come to me about the minister's review and raised an issue with me. The minister failed to resolve that issue for me in his answer. Is the review being undertaken now a review into the recommendations given by the board's report to the minister, or is it an open review into the WorkCover scheme that may canvass any matters not necessarily about the merits or otherwise of the recommendation given by the board?

**The Hon. M.J. WRIGHT:** The review is into the South Australian Workers Rehabilitation and Compensation Scheme: it is not simply a review of the proposals that were put forward to me by the WorkCover Board. They certainly are a part of it, but the review will investigate the operation of the current workers compensation scheme under the act, in terms of the balance between equitable provision for the needs of injured South Australian workers and scheme affordability for South Australian employers.

It will consider and report upon a comparison of the entitlement, structure and average premium rates under the South Australian scheme and those in other Australian jurisdictions. It will assess the adequacy and efficiency of incentives for employers to reduce the incidence of injuries, illness and claims and achieve the effective rehabilitation and return to work of injured and ill workers, and it will assess the likely financial impact and impact on levy rates of recommendations arising from the review. So, as important as that piece of work that has been done by the board is, and the recommendations that have been made to me, they certainly are a very central part of the review but they are not the only part. It is broader than that, as I outlined.

**Mr WILLIAMS:** Given that the most recent report into WorkCover (which was released, I believe, in the past few days), up to March 2007, shows that the target with regard to claims of over three years' duration yet again has not been met, and given that the latest annual report on page 78 states that, without significant improvement in non-redemption discontinuance or return to work, the unfunded liability could well be understated in that annual report by some \$250 million to \$300 million, can we now assume that, as was predicted by employers a little over a month ago, the scheme's unfunded liability will reach \$1 billion by the end of this financial year?

**The Hon. M.J. WRIGHT:** No, it would not be right to do so. We cannot make a prediction about the June evaluation; many factors will be taken into account in regard to that. It would be foolhardy to make any predictions or for there to be any wild speculation or knee-jerk reaction until we see the work of the actuary and the evaluation that he provides. It is done twice a year, and we need to await those results.

**Mr WILLIAMS:** In the June quarter of last year (and I asked a question of your colleague minister Hill during estimates last year), an extra \$50 million, approximately, was spent on redemptions. I again refer to the latest quarterly performance report (March 2007) and the graph on page 12, which shows a significant drop in the total number of active income maintenance claims in the March-June period last



year. Is it the minister's expectation that a similar change to the attitude, or the policy, with regard to redemption payments will occur during the June quarter this year to bring down the number of total claims? I also note from that graph that the shape of the trend line has not changed at all; there is just a little blip where that extra money was put into redemptions in that quarter.

**The Hon. M.J. WRIGHT:** That exercise in June last year was a one-off exercise. It was a time when we had a change of agents. Initially, Employers Mutual (the new claims management agent) was doing fewer redemptions. It is now doing more, but it is not expected that we will have a repeat of what happened in the June quarter last year.

**Mr WILLIAMS:** If the minister gets this one right it may well be my last question. Minister, given that the unfunded liability continues to rise, and notwithstanding your answer to several questions earlier, the reality is that employers will continue to be charged with paying for any liability incurred by WorkCover through their levies in an ongoing way. Have you sought any advice as to the probable cost to South Australian employers of a delay of at least 12 months from the time that you receive the report from the WorkCover board giving a raft of suggestions and recommendations on how to change the scheme to overcome the problems within WorkCover and the date that you will receive the report from the review which you announced on 29 March?

**The Hon. M.J. WRIGHT:** I have not sought that advice, because there is no need to do so. I have said previously and I say again: potentially, these will be some of the most sweeping changes to occur. This review is the first of its kind in 20 years. It is best to get it right, rather than do it quickly and get it wrong. It will take a little extra time but, as I have explained previously, it is not simply an assessment of the legislative and other changes that were recommended by the board but much broader in nature. It will look at other areas, including how we can do better at return to work and how the various organisations and institutions involved in workers compensation can be more robust. We make no apology for the extra time that is being taken to get it right.

**Mr HANNA:** My question to the minister is about redemptions. First, what is the maximum amount of redemption money payable to an injured worker according to WorkCover policy at present? Secondly, how much is estimated to have been paid in total for the current financial year, and how much is predicted will be paid out in total by way of redemptions in the next financial year?

**The Hon. M.J. WRIGHT:** There is no set maximum. It is looked at on an individual case basis. The advice I have received is that as at 30 April 2007 redemptions paid numbered 151, with total payments at \$8.36 million. With regard to the last component of the honourable member's question about predictions, I will have to take that on notice.

**The ACTING CHAIR:** There being no further questions for the Minister for Industrial Relations, I declare the examination of the proposed payments to Department of Premier and Cabinet, Administrative Items for the Department of Premier and Cabinet adjourned to Committee A on 2 July.

Department of Treasury and Finance, \$98 924 000  
Administered Items for the Department of Treasury and Finance, \$1 065 167 000

Department for Transport, Energy and Infrastructure,  
\$390 173 000

Administered Items for the Department for Transport,  
Energy and Infrastructure, \$11 539 000

#### Membership:

Mr Griffiths substituted for Mr Pisoni.

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

#### Departmental Advisers:

Mr J. Wright, Under Treasurer, Department of Treasury and Finance.

Mr R. Persse, Executive Director, Shared Services.

Mr J. Hallion, Chief Executive, Department for Transport, Energy and Infrastructure.

Mr B. Miller, Executive Director, State Procurement and Support Operations, Department of Treasury and Finance.

Ms J. Carr, Executive Director, Department for Transport, Energy and Infrastructure.

Mr K. O'Callaghan, Executive Director, Department for Transport, Energy and Infrastructure.

**The ACTING CHAIR:** Minister and members of the Public Service who are here, unless you feel otherwise, I will not read your rights to you again. The portfolio is Premier and Cabinet, Treasury and Finance. The minister appearing is the Minister for Finance and Government Enterprises. I declare the proposed payments open for examination and refer members to the Budget Statement, in particular, Appendix C at pages 2.8 to 2.10 and 2.13 to 2.15, and the Portfolio Statement, Volume 1, pages 3.16 to 3.21, and Volume 2, pages 6.44 to 6.53, which I am sure everyone has read and thoroughly understands. I understand that neither the minister nor the shadow minister will be making an opening statement. If that is the case, they are both to be congratulated.

**Mr GRIFFITHS:** Can I just clarify? I know the member for Frome has spoken to me about a revised time schedule, but is it one hour and twenty minutes or one hour and thirty minutes?

**The Hon. M.J. WRIGHT:** We were hoping for less, if possible. We are not going to ask any questions.

**The ACTING CHAIR:** This is the spirit of compromise, which has been the stamp of this committee.

**Mr GRIFFITHS:** While still allowing the opposition to ask very important questions.

**The ACTING CHAIR:** While still allowing the opposition to ask important questions.

**Mr GRIFFITHS:** I refer to Budget Paper 3, page 2.2. Can the minister advise whether the government is on track to achieve the \$130 million of savings from the three year period for Shared Services as shown in the 2006-07 budget?

**The Hon. M.J. WRIGHT:** The simple answer is yes. I will give a little more detail. Shared Services is on track. The 2006-07 budget estimated that this initiative and ICT procurement reforms will deliver savings of \$25 million in 2007-08; \$45 million in 2008-09; and \$60 million from 2009-10 onwards. Since announcing the initiative in September 2006, the Shared Services Reform Office has undertaken a comprehensive whole-of-government data collection exercise to gain a more complete understanding of ICT, human

resources, procurement, and finance service across government; establish networks with other governments and organisations that have implemented, or are in the process of implementing, Shared Services; developed a rigorous governance and consultation framework to oversee the reform process; consulted with agencies and ensured appropriate consultation with other stakeholders; and conducted a total of 67 briefings to over 3 000 metropolitan and regional agency staff, as well as separate briefings to unions, including the Public Service Association.

The whole-of-government data collection exercise forms a significant part of information gathering, the first of five phases of Shared Services reform. In 2007-08, the Shared Services Reform Office will focus on establishing a Shared Services organisation. The estimated savings target of \$25 million in 2007-08 from Shared Services and ICT procurement reforms will be achieved.

**Mr GRIFFITHS:** While I acknowledge the ICT savings—and I have heard them from the Premier and the Treasurer—my understanding is that Shared Services are meant to create far more savings than that. Can you give me details of where those savings will be achieved, and what agencies will they be in?

**The Hon. M.J. WRIGHT:** This will be achieved by standardising and simplifying Corporate Services and from economies of scale. I do not have detail, at this stage, about agency savings.

**Mr GRIFFITHS:** Mr Acting Chairman, can I ask for that to be provided to me when available?

**The Hon. M.J. WRIGHT:** We are some way off from achieving that, but, at some future time, that may be possible.

**Mr GRIFFITHS:** I refer to Budget Paper 3, page 2.2. Last year in estimates the opposition asked the following question: how will the consolidation of Corporate Services be delivered and implemented across all portfolios? As an extension of that, for example, in the case of payroll, will there be one agency and one payroll system responsible for calculating and processing pay for different levels of complexity, such as public servants, teachers, doctors, nurses and police officers, each with their own different awards and agreements? For example, if a teacher is overpaid or underpaid will they have to go to the central agency or the education department to actually resolve their issue? The Treasurer in his response said:

Those specific details are now being worked through. We have a team that is being assembled under the supervision of the Under Treasurer. It is a project team with a project leader that is preparing the business case for the implementation of the shared services. Those issues are yet to be determined.

Given the time lapse since October when we asked these questions, can the minister provide an update on these matters, as in, for example, how many payroll service centres are there expected to be?

**The Hon. M.J. WRIGHT:** The advice I have received is that there will be one location for payroll. We would initially have different systems in place but then we would centralise and standardise those systems.

**Mr GRIFFITHS:** So, in the example quoted about an education department employee, they would go to the one central location and not within their department?

**The Hon. M.J. WRIGHT:** That is correct.

**Mr GRIFFITHS:** I refer again to Budget Paper 3, page 2.2. A question was asked during estimates last year in relation to how finance related corporate services would be delivered centrally under the shared services model, and

whether the delivery of the services would be limited to just the processing of invoices or would relate to the full suite of accounting processes, such as general ledger processing, monthly management reporting and year-end financial and annual reporting. The Treasurer responded:

The expectation is that we will be concentrating on the high-volume transactions; that is where we get the savings and efficiencies. We have not yet finally decided the cut-off point, as I just stated in the previous answer. At this stage, high-volume transactions and just where the cut-off point will happen has not yet been determined. . .

Are you able to provide an update on this matter also?

**The Hon. M.J. WRIGHT:** It will be transactional services first, high-volume services, then we will look at more services where it makes sense across government.

**Mr GRIFFITHS:** Are any of these implemented yet? Do you have a time frame?

**The Hon. M.J. WRIGHT:** None have been implemented yet. We are still analysing the data.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 1, page 3.16: summary income statement—Expenses of Program 3, Shared Services Reform, Supplies and Services. Can you please provide a breakdown of the \$21.699 million of supplies and services for shared services reform costs for 2007-08 in the following categories: accommodation, including the location of the offices; contractors, including the name of the contractor, amount and the nature of the work performed; consultants, including the name of the consultant, amount and the nature of the work performed; information and communication technology costs and purchases; office equipment purchases; and general office expenses?

**The Hon. M.J. WRIGHT:** We will take that on notice. We may not be able to answer it in the detail that you have asked because this is for 2007-08 expenditure and we have not done it yet.

**Mr GRIFFITHS:** True, but you must have some plans in place.

**The Hon. M.J. WRIGHT:** We are still developing the strategy, so we do not know what we are going to spend it on and will not know for some time yet.

**Mr GRIFFITHS:** It is just that when I note a very specific figure such as \$21.699 million I would presume that you have actually identified exactly what you want to do, but I will note that you have taken it on notice.

**The Hon. M.J. WRIGHT:** Yes.

**Mr GRIFFITHS:** I refer again to Budget Paper 4 Volume 1, page 3.16. Can the minister advise the current full-time equivalent levels of the Shared Services Office?

**The Hon. M.J. WRIGHT:** The Shared Services Reform Office currently has a staff of 32.

**Mr GRIFFITHS:** As an extension, can the minister provide estimated FTE levels from June 2008, June 2009 and June 2010?

**The Hon. M.J. WRIGHT:** At this stage we do not know, and we will not know until we finish analysing the data. Of course, once that is complete and we start bringing in people, there will be big changes in numbers.

**Mr GRIFFITHS:** I refer to Budget Paper 3, page 2.2. In last year's estimates, when asked for a breakdown of the proposed 600 job cuts by portfolio or agency arising from the introduction of shared services, the Treasurer responded:

No; I do not think that it would be possible at this stage, because we have not done that work, and we do not know. That is our best estimate. I think the figure was 550 to 600, but we will not know that until we have done the exercise.

Hopefully, it is not the same answer as 'still working through it', but can the minister advise whether the exercise to which the Treasurer was referring has, in fact, now been undertaken?

**The Hon. M.J. WRIGHT:** There are five phases of the implementation: information gathering, strategy development, detailed design and development, implement and migrate, and then there is operate and improve. We are in the process of finishing the information-gathering phase and are about to start the strategy development phase. We will not know the detail of what you are asking probably until we at least get to a cross-over of the detailed design and development and the implement and migrate phases. We cannot be sure, but for some functions that might be later in the year while for others it would be next year.

**Mr GRIFFITHS:** I refer to Budget Paper 3, page 2.2. Can the minister advise whether the shared services reforms are to be, or have been, extended to the non-financial and financial corporations entities?

**The Hon. M.J. WRIGHT:** They have not, but once we are up and running SA Water, for example, may well want to use us. That could occur in the future.

**Mr GRIFFITHS:** So you would not actually demand that of them; it would be a business decision they would make?

**The Hon. M.J. WRIGHT:** That is correct.

**Mr GRIFFITHS:** I refer again to Budget Paper 3, page 2.2, and paragraph 4: Shared Services. Can the minister advise what lessons have been learnt from the implementation of shared services reforms in other jurisdictions that have been useful in implementation thus far in South Australia? We are aware of the Western Australia experience, where it has not realised the degree of savings anticipated.

**The Hon. M.J. WRIGHT:** Yes; a lot of work has been done looking at other jurisdictions and learning from their experiences. Of course, the private sector has been closely looked at as well. Other Australian states have adopted, or are in the process of implementing, shared services reform. Officers from the Shared Services Reform Office visited Western Australia, Queensland and the ACT. The ACT rolled all in-scope services and agencies into a single shared services centre and commenced operations on 1 February this year. The implementation was assisted by significant reforms undertaken in previous years, including the consolidation of payroll centres across ACT agencies, and the establishment of a shared ICT services organisation and a shared procurement organisation.

Both Queensland and Western Australia implemented multiple shared service centres servicing clusters of agencies. They also commenced comprehensive systems reforms to support a shared services environment before rolling in functions and agencies. Pricing models were not introduced at start-up, which made it difficult to manage agency service volume changes and which did not provide agencies with price signals. What we have learnt from these jurisdictions support the South Australian view that we should implement a single shared services organisational model and introduce a pricing model from the outset and prioritise and transfer functions and staff into a shared services centre before investing in major systems reforms.

The Shared Services Reform Office is currently developing a high level strategy to implement this shared services model in South Australia. It is understood that both Queensland and Western Australia are now investigating further consolidation of their shared services organisations, and they remain confident that the intended benefits will be realised.

Following consolidation of functions, the ACT shared services centre will now focus on service standardisation and improvement.

**Mr GRIFFITHS:** Therefore, you are confident, minister, that the South Australian projections will stand, given the experience of other states?

**The Hon. M.J. WRIGHT:** Yes. We have learnt from other states, and we have certainly taken note of what they have done and what they could have done better. We remain confident about the predictions we have made.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 1, page 3.16. Minister, can you advise the current governance arrangements for the management of shared services reform?

**The Hon. M.J. WRIGHT:** Cabinet approved the governance arrangements for the shared services reform on 6 November 2006. On 29 November, the Chief Executive Shared Services Steering Committee was convened for the first time, and it endorsed the wider governance and consultation framework for the shared services reform. Members of this committee include: Mr Jim Wright (Under Treasurer), Mr Jim Hallion (Chief Executive of DTEI), Ms Sue Vardon (Chief Executive of DFC), Dr Tony Sherbon (Chief Executive, Health), Mr Jerome Maguire (Chief Executive, Justice), and Mr Rick Persse (Executive Director, Shared Services Reform Office).

The Chief Executive Shared Services Steering Committee continues to meet fortnightly, and it assists the Under Treasurer in the implementation of the shared services reform. The Shared Services Reference Group, which was established in December 2006, consists of senior representatives from all portfolio agencies, the Chief Executive of the Government Reform Commission, the government's chief information officer and the chief technology officer. The reference group meets monthly and is the primary consultative forum for agencies.

The Workforce Strategy Group, established in March 2007, meets monthly and provides a forum for considering the workforce strategy issues associated with the establishment and ongoing operation of the shared services organisation. Membership of the Workforce Strategy Group includes representatives from several portfolio agencies as well as the Shared Services Reform Office. The Workforce Consultative Group (established in March 2007) meets monthly and acts as a consultative forum for employee-related issues associated with the transition to shared services. The Workforce Consultative Group includes representatives from the Shared Services Reform Office, portfolio agencies and the Public Service Association. Consultation with these and other ad hoc stakeholder groups will occur throughout the reform process.

**Mr GRIFFITHS:** I refer to Budget Paper 3, page 2.2. In last year's estimates committees, when asked what the implementation costs of \$60 million across the forward estimates for the shared services agreement was for, together with a request for a breakdown of these costs in each of the forward estimate years, the Treasurer responded, 'But these are only the best guesses on the implementation costs, which will include a whole array of costs from designing systems, employer external advice and accommodation issues.' Can the minister provide an update of these figures across the current forward estimates and a breakdown of the figures in the following categories: accommodation, contractors, consultants, information and communication technology costs and purchases, office equipment purchases, and general office expenses?

**The Hon. M.J. WRIGHT:** We will take that question on notice. We will certainly do our best to provide that information to the shadow minister.

**Mr GRIFFITHS:** That is the end of the questions on this subject.

**The ACTING CHAIR:** We now move to State Procurement.

**The Hon. S.W. KEY:** I move:

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

Motion carried.

**The ACTING CHAIR:** For the record, minister, will you introduce any change in your advisers.

**The Hon. M.J. WRIGHT:** They are the same, but Barry Miller has come to the front row.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 1, page 3.21. I refer to the performance indicators in respect of payroll transactions. Will the minister advise whether an additional and better performance indicator for payroll transactions will be an error rate on payroll transactions?

**The Hon. M.J. WRIGHT:** Can you say that again?

**Mr GRIFFITHS:** Will the minister advise whether an additional and better performance indicator for payroll transactions would be the error rate, instead of a number, on those transactions?

**The Hon. M.J. WRIGHT:** Under Shared Services, one KPI would be to show the error rate. I think that is a good idea.

**Mr GRIFFITHS:** So, statistics are kept or are intended to be kept?

**The Hon. M.J. WRIGHT:** They will be kept. We have some statistics on that.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 1, page 3.18. Given the significant expenses of approximately \$160 million paid through this program, will the minister provide a breakdown of this table by each of the subprograms for each of the years? We note that the sub-programs are listed on the following three pages. However, these show the net costs only and do not show the total expenses or provide a breakdown of those expenses.

**The Hon. M.J. WRIGHT:** We can get that detail for you.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 1, page 3.19. Under Performance Indicators, it states that the number of contracts managed for 2006-07 was estimated to be 60. Will the minister provide a list of all contracts managed by the branch, including the parties to the contract, a brief precis of the contract, the value of the contract and the term of the contract?

**The Hon. M.J. WRIGHT:** That information is on the contracts website. We are happy to provide that to you.

**Mr GRIFFITHS:** I refer again to Budget Paper 4, Volume 1, page 3.19. Minister, will you provide details of the savings made through government electricity contracts in dollar and percentage terms?

**The Hon. M.J. WRIGHT:** The advice I have received is that we saved \$8 million over a 2-year period for the electricity contract.

**Mr GRIFFITHS:** As an extension of that, minister, will you confirm that all government agencies have benefited from these contracts, and are any non-government agencies also involved?

**The Hon. M.J. WRIGHT:** The savings are taken out of the agency budgets, so the agencies are not necessarily better off, but the government is.

**Mr GRIFFITHS:** All agencies, though?

**The Hon. M.J. WRIGHT:** All major agencies would benefit, because they would be above 160 kilowatt hours. Local government would also benefit.

**Mr GRIFFITHS:** Thank you for the clarification.

**The Hon. M.J. WRIGHT:** That would please you, as a former chief executive officer of one of the more important councils in South Australia.

**Mr GRIFFITHS:** Immensely. The chairman might not think they are a tier of government. I have a different opinion to him, so I am pleased that they do actually benefit from that. Again, as an extension of that answer—and I appreciate it—is there a component of green energy within that contract?

**The Hon. M.J. WRIGHT:** Are you referring to the contracts that I have been talking about with the saving of \$8 million?

**Mr GRIFFITHS:** Yes.

**The Hon. M.J. WRIGHT:** The advice I have received is that we have separate contracts for green energy. We are currently running at 10.6 per cent and we are on target to reach our target of 20 per cent.

**Mr GRIFFITHS:** So, 10.6 per cent of consumption is green energy and we are on target for 20 per cent?

**The Hon. M.J. WRIGHT:** Yes.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 1, page 3.20 in regard to the light motor vehicle fleet. The performance commentary states that the introduction on 1 July 2005 of the three-year 60 000 kilometres retention policy for vehicles has resulted in a reduction of the number of new vehicles purchased as vehicles are held for longer periods. Can you advise what impact this has had on the annual repairs and maintenance costs of the vehicle fleet?

**The Hon. M.J. WRIGHT:** The advice I have received is that when we were doing the work on whether we would go to the measure of three years and 60 000 kilometres, as compared to two years and 40 000 kilometres, there were cost benefits overall in respect of that, and that is why the government took the decision to change from two years to three years, which included 40 000 kilometres to 60 000 kilometres. So, taking all of those factors into account—repairs, maintenance and residual value—the government is better off by adopting the three years and 60 000 kilometres.

**Mr GRIFFITHS:** I can certainly understand that, in the whole-of-picture consideration, there would be a financial saving, and I understand that retaining a car for a 50 per cent longer distance travelled than previously would create savings; but, in relation to repairs and maintenance specifically, have there been savings? My presumption is that, the longer you keep a car, the more costs are involved in keeping it on the road.

**The Hon. M.J. WRIGHT:** You are right that there are more maintenance costs but, if you take into account the whole package, we are better off.

**Mr GRIFFITHS:** I refer to page 3.20 in Budget Paper 4, Volume 1. Can the minister provide an explanation of why the net cost of sub-program 4.3, being vehicles for ministers, parliamentarians and VIPs, has an estimated result of \$5.346 million in 2006-07, when \$4.743 million was budgeted—\$600 000 more than was anticipated has been spent?

**The Hon. M.J. WRIGHT:** I will get that detail for the member.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 1, page 3.18. Minister, can you explain why the expenses for supplies and services for the State Procurement and Support Operations program have increased from \$54.986 million to \$61.568 million?

**The Hon. M.J. WRIGHT:** I will get a table for the member which will set it all out.

**Mr GRIFFITHS:** Again, I refer to page 3.18 of the same volume. Minister, can you please advise what the \$137 million of income from sales of goods and services actually comprises?

**The Hon. M.J. WRIGHT:** They are four main areas: the sale of cars and leasing, the service provided to other agencies, the money earned for managing contracts, and warehousing.

**Mr GRIFFITHS:** Again, I refer to page 3.18 of the same volume. Can the minister provide an explanation for why the income from the sale of goods and services has increased by \$22.17 million? The budget figure was \$115.184 million and the estimated result was \$137 million?

**The Hon. M.J. WRIGHT:** We think this is because bits of DAIS are now in other places and they show up where they are now, but we will get the detail for the shadow minister.

**Mr GRIFFITHS:** Thank you, minister. I am finished questioning in this area. I refer to Budget Paper 4, Volume 2, page 6.49. Will the minister provide an explanation of the purchasing cost of the 25 additional government-owned residential properties and indicate where these homes are located?

**The Hon. M.J. WRIGHT:** Five existing houses have been purchased at Stirling North, Mount Gambier, Ceduna, Whyalla and Roxby Downs. Construction has been completed on new houses at Yalata, Stirling North, Cowell, and Murpatja in the APY lands. Currently houses at Amata, Umuwa, Port Augusta, Kingston, Jamestown and Kalangadoo are under construction, and an independent review of the existing housing stock was conducted in November 2006 and concluded that 174 houses require immediate replacement and a further 222 within the next five years.

Almost 90 per cent of all housing has asbestos-containing materials on the property; 69 per cent of all housing is less than 125 square metres in size, with the average metropolitan house constructed since 2000 being over 200 square metres; and 66 per cent of houses are sited on land parcels greater than 750 square metres, making lawns and gardens difficult to maintain during periods of drought. The government has allocated an additional \$3 million in 2007-08 towards replacement and an upgrade of the existing housing stock. These additional funds will be used to address priority needs in high demand, areas where leasing houses is not a viable option. Locations identified as areas of priority are Ernabella, Booleroo Centre, Marree, Whyalla and Coober Pedy.

**Mr GRIFFITHS:** I refer to Budget Paper 4 Volume 2, page 6.49. I have looked at the performance indicators and I am unsure as to why the 2007-08 target is 2 650 residential properties, when considering how many are owned by the government (1 660) and how many are leased from private owners (275). Where are the other 715?

**The Hon. M.J. WRIGHT:** The number of owned houses is 1 637; the number of leased houses is 291; and the number of houses located on depots or reserves is 319.

**Mr GRIFFITHS:** I am confused, as the figures in the budget paper are very different from those just quoted.

**The Hon. M.J. WRIGHT:** Those figures include houses that are managed as well as owned—we manage the leases.

**Mr GRIFFITHS:** If they are not government owned and not leased from private owners, what is the ownership structure? I am confused.

**The Hon. M.J. WRIGHT:** The advice I have received is that they are either owned or leased, but we can get a full breakdown for the honourable member.

**Mr GRIFFITHS:** Thank you. Is the maintenance carried out on these properties undertaken by private contractors or government staff?

**The Hon. M.J. WRIGHT:** That is managed by Facilities Services, a division within DTEI, and it manages all the houses in the regions.

**Mr GRIFFITHS:** Using a combination of government and private contractors or only private contractors?

**The Hon. M.J. WRIGHT:** It outsources the work mainly to small, private contractors.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 2, page 6.49. Can the minister confirm whether market rent is paid by these residents, or do they receive some form of rental discount?

**The Hon. M.J. WRIGHT:** A subsidy is involved. The original non-police tenant is paying rental of \$106.82, the average police rental is \$72.36 and the average cost rental is \$244.81. So, a subsidy is involved.

**Mr GRIFFITHS:** As I presume there would be. I recognise that the minister has provided me with average figures, but is a market rate determined for any specific locality in which the house is located and the discounting factor applied to that? Is that how it is determined?

**The Hon. M.J. WRIGHT:** Yes, that is how it works.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 2, page 6.49. I was rather intrigued to note that the vacancy rate for government residential properties is 6.5 per cent. Certainly within metropolitan areas we hear of 1 per cent and lower. Can the minister provide a reason as to why it is so high for government-owned properties?

**The Hon. M.J. WRIGHT:** Most of the houses are provided for education, and there is a big turnover of teachers moving in and out.

**Mr GRIFFITHS:** So is it 6.5 per cent during January when you have teachers moving in and out, or is it taken as an average across the year of 6.5 per cent?

**The Hon. M.J. WRIGHT:** It is taken as an average across the year.

**Mr GRIFFITHS:** I understand that you need to make sure that the properties are available for government employees, but is any effort made to short-term rent these properties to obtain an income?

**The Hon. M.J. WRIGHT:** Yes, there is. In fact, we do make them available to the general public where there is not a need for government employees.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 2, page 6.49. Can the minister provide me with some details as to why the net cost of government employee residential property management will increase from \$4.162 million in 2005-06 to \$11.243 million in 2007-08?

**The Hon. M.J. WRIGHT:** It is a tax equivalent rate of \$1.613 million. The increased value of properties and rent increases following the increased value of properties are the main reasons. It is mainly driven by property values.

**Mr GRIFFITHS:** Does the rent increase relate to where it was being leased from private owners?

**The Hon. M.J. WRIGHT:** And also the value of our own homes.

**Mr GRIFFITHS:** I again refer to Budget Paper 4, Volume 2, page 6.49. Can the minister provide an explanation as to why 260 residential properties from the private market were leased in 2006-07, when the target was 300?

**The Hon. M.J. WRIGHT:** It would be because of differences between estimated need and actual need.

**Mr GRIFFITHS:** As an extension of that, in which regions in South Australia are residential properties leased from the private market and which areas are mostly sought after, and will the additional 15 residences that are being targeted for lease this year come from within those regions?

**The Hon. M.J. WRIGHT:** We will take that question on notice, because it is all over the state. We will provide that detail for the shadow minister.

**Mr GRIFFITHS:** I refer to page 6.12. Can the minister provide an explanation as to how the government is attaining sustainability by making residential properties energy efficient? Are the initiatives for energy efficiency used in all 2 650 residential tenancies, and is the minister able to explain whether any other measures for attaining sustainability will be implemented into residential tenancies?

**The Hon. M.J. WRIGHT:** I will obtain that information for the shadow minister.

**Mr GRIFFITHS:** Will the minister provide that information to me by 7 September, which I think is the common date used for the provision of information?

**The Hon. M.J. WRIGHT:** Yes.

**The ACTING CHAIR:** There being no further questions in that area, we will now move to Service SA.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 2, page 6.52. Can the minister provide a breakdown of the fees, fines and penalties received for the income budget line of \$278.942 million dollars?

**The Hon. M.J. WRIGHT:** A breakdown of the fees for the 2007-08 budget are as follows: commission, fine enforcement service, \$151 000; commissions, Allianz, \$6.554 million; commissions, SA Police, \$80 000; drivers licences, \$19 216 000; drivers licences admin fees, \$6.544 million; emergency services levy, \$682 000; motor vehicle number plates, \$3.914 million; personalised motor vehicle number plates, \$3.104 million; motor vehicle registrations, \$216 108 000; motor vehicle registrations admin fees, \$30 056 000; other sundry receipts, \$57 000; sundry fees and charges, sale of information, \$1.228 million; sundry fees and charges VSR, \$1.201 million; and Service SA revenue \$11.880 million.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 2, page 6.53. Minister, when was the decision to merge the driver and vehicle licensing section and Service SA made, and what efficiencies will result from this decision?

**The Hon. M.J. WRIGHT:** Service SA currently operates an integrated service delivery network comprising 10 regional customer service centres, a CBD customer service centre, seven rural agents, government legislation and outlet, Service SA customer contact centre, transport call centre, website and online shop. With the abolition of the Department for Administrative and Information Services, Service SA's transition to the Department for Transport, Energy and Infrastructure, DTEI has its own network of customer service centres which deliver motor vehicle registration and licensing services at Port Adelaide, Christies Beach, Elizabeth, Prospect, Marion, Modbury, Mitcham, Tranmere and Regency Park. Recognising the value of consolidating the department's service delivery operations, on 1 February 2007

selected business delivery functions associated with driver and vehicle licensing merged with Service SA.

Both business units report to the Director of Service SA but will continue to operate independently until merger processes are finalised and the new organisational structure is approved and implemented. The due diligence process of this consolidation project is complete. Work has commenced on the metropolitan expansion strategy. The strategy will focus on progressively transitioning the motor registration customer service centres into the Service SA network, effectively expanding the government's single point of contact network to 21 customer service centres.

The new Service SA customer service centres will offer a broader range of government services and information to the community. An implementation plan for the transition of metropolitan customer service centres is currently being scoped and developed. It is anticipated that the motor registration customer service centres will be progressively transitioned to the Service SA network over the next three financial years.

The staged transition approach worked very well during the previous Service SA expansion into regional areas in 2005-06. A comprehensive communications strategy will keep customers informed of the transition process. The metropolitan strategy is underpinned by the implementation of TRUMPS phase 2 and its subsequent stabilisation across all customer service centres between July and September 2007. The TRUMPS 2 project is a major ICT initiative that will significantly improve the department's management of registration and licensing services. The successful implementation of TRUMPS 2 will assist with the consolidation of the customer service centre networks receiving system and enable Service SA to continue to deliver quality customer service statewide.

**Mr GRIFFITHS:** I appreciate the detail in the answer. I presume that TRUMPS is an acronym. Can you explain what that means?

**The Hon. M.J. WRIGHT:** I can. It stands for Transport Regulation and User Management Processing System.

**Mr GRIFFITHS:** Very logical once you have heard it. I refer to page 6.53 again. Minister, can you please provide me with the details of the number of full-time equivalent employees within Service SA centres and, recognising I believe in your previous answer the decision to expand its roles across the forward estimate periods, how much will the number of full-time equivalent employees increase by?

**The Hon. M.J. WRIGHT:** The advice I have received is that there is a total of 328.50, and it is not expected that it will change very much.

**Mr GRIFFITHS:** So new centres will just be a transfer of existing staff from other roles.

**The Hon. M.J. WRIGHT:** There are about 160 transferring in from driver and vehicle licensing.

**Mr GRIFFITHS:** Again, at page 6.53: being a regional member, I am particularly keen to know what is happening with the Service SA agents out there. Can you tell me what the length of a contract is? Is it a set period?

**The Hon. M.J. WRIGHT:** It is reviewed on an annual basis and it will be assessed on the basis of performance in the future.

**Mr GRIFFITHS:** In assessing it, do they know they have to meet the key performance indicators in the existing contract to have any chance of having their contract extended?

**The Hon. M.J. WRIGHT:** They will be added into the new contracts.

**Mr GRIFFITHS:** From my point of view it is important that the KPIs are realistic to ensure that the agencies are able to continue to provide services locally to people.

**The Hon. M.J. WRIGHT:** We find that the rural agents work very well and provide a good service, and there is no plan to reduce the number of services in the rural areas.

**Mr GRIFFITHS:** I apologise if I am wrong here or if I have misinterpreted one of your previous answers, but I think there are currently nine agencies in regional South Australia.

**The Hon. M.J. WRIGHT:** Seven, and they are: Wudinna, Yorketown, Peterborough, Keith, Streaky Bay, Port Broughton and Port McDonnell.

**Mr GRIFFITHS:** As an extension of that, are you intending to create more? I think that was in a previous answer you gave.

**The Hon. M.J. WRIGHT:** At the moment we are looking at Clare.

**The Hon. R.G. KERIN:** Are you looking at Clare as an agency?

**The Hon. M.J. WRIGHT:** Yes. There have been recent discussions, as recently as 21 June. Senior management from Service SA met with the Clare and Gilbert Valleys Council. I am advised that the meeting went well and that Service SA and the Clare representatives have agreed to explore what could constitute a suite of core services that could be provided through a host organisation like a rural agent should funding become available.

**The Hon. R.G. KERIN:** The issue at Clare, as much as anything else, is the fact that transport services are now not offered by a police station within 100 kilometres, and that has created a bit of a problem. Clare is just in the wrong place. Now that we have vehicle licensing in Service SA I think what has become evident, from the people who I have spoken to at Clare, is that, without access to the registration services, it has been a major impediment for a lot of people there. People who have children learning to drive have had to take off half a day or a day to take their child wherever. Even if we fix Clare, I think there is still a bit of an issue as to how we can make these services more available when the police do not do it.

This is more of a statement than a question. I have two children with learner's plates at the moment, so I understand the issues these people have. I know of some people whose children are in the process of getting a driver's licence, who have missed about two or three half-days of work to do the necessary things. A Service SA agent or centre at Clare would solve the problem at Clare. I think there is an ongoing problem for those towns that are 80 to 100 kilometres from a Service SA centre.

**The Hon. M.J. WRIGHT:** Yes; it is a good point.

**Mr GRIFFITHS:** I refer to Budget Paper 4 Volume 2, page 6.53. Can you provide information on what level of commission is paid to the Service SA agents for each transaction?

**The Hon. M.J. WRIGHT:** I will get that information for the shadow minister.

**Mr GRIFFITHS:** I refer to Budget Paper 4 Volume 2, page 6.52. Can you provide me with some information on what the 'other' income comprises in the Service SA summary income statement, and indicate why it will be increased by \$3.33 million in 2007-08?

**Mr HALLION:** The increase in income in the 'other' category of \$3.3 million is primarily due to the transfer into Service SA of driver and vehicle licensing, and it relates to the sale of information and other commissions received for the collection of revenue, mostly driven by the sale of materials in our driver and vehicle licensing centres. That revenue is treated as other revenue; it comes in, and it is quite a significant amount at \$3.3 million.

**Mr GRIFFITHS:** I refer to page 6.52. Can you provide an explanation as to why supplies and services costs will increase from an estimated result of \$3.887 million in 2006-07 to \$21.938 million in 2007-08?

**Mr HALLION:** There is a substantial increase in the two numbers, as has been pointed out, of \$18.051 million. Again, that relates primarily to the transfer of functions and activities in driver and vehicle licensing to Service SA. It is primarily driven by costs associated with the nine customer service centres. You will see a similar increase in employee expenses, for the same reason, of \$9.2 million, if you look at the difference between the estimated result for 2006-07 and 2007-08. It is the same explanation: there were 160 staff transferring in also.

**Mr GRIFFITHS:** Mr Chairman, I thank the minister and his staff for their answers.

**The ACTING CHAIR:** I thank all people—minister and members of the committee—for what a magnificently calm and collected experience it has been here today. I understand, from looking at *The Advertiser*, that we are much better than another committee in another place, and I think that that is a source of great pride to all of us.

**Mr GRIFFITHS:** I have some omnibus questions that I seek permission to read into the record, or have they been read in before?

**The ACTING CHAIR:** Please read them in.

**The Hon. R.G. KERIN:** I read them in.

**The ACTING CHAIR:** The member for Frome has already done so.

**Mr GRIFFITHS:** And the minister is prepared to accept them as part of my questioning line, also?

**The Hon. M.J. WRIGHT:** Yes; we will accept them.

**The ACTING CHAIR:** It has been a very cooperative experience. There being no further questions, I declare the examination of the vote completed.

#### ADJOURNMENT

At 6.34 p.m. the committee adjourned until Friday 29 June at 11 a.m.