

**HOUSE OF ASSEMBLY**  
**Thursday 26 June 2008**  
**ESTIMATES COMMITTEE B**

**Chair:**

Mr T. Koutsantonis

**Members:**

Ms V. Ciccarello  
Mr M.R. Goldsworthy  
The Hon. G.M. Gunn  
Ms I.M. Redmond  
The Hon. P.L. White

*The committee met at 09:01*

**SOUTH AUSTRALIA POLICE, \$548,495,000**  
**ADMINISTERED ITEMS FOR SOUTH AUSTRALIA POLICE, \$362,000**

**Witness:**

The Hon. P. Holloway, Minister for Police, Minister for Mineral Resources Development,  
Minister for Urban Development and Planning.

**Departmental Advisers:**

Mr M. Hyde, Commissioner, South Australia Police.

Mr D. Patriarca, Director, Business Services.

Mr I. Hartmann, Manager, Financial Services.

Ms C. Manners, Manager, Planning and Reporting.

**The CHAIR:** Estimates are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for the consideration of proposed payments to facilitate the changeover of departmental advisers. I understand that the minister and the lead speaker for the opposition have agreed on a timetable for today's proceedings. Changes of committee membership will be notified as they occur, and 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 no later than Friday 18 July. I propose to allow both the minister and the lead speaker for the opposition to make an opening statement of about 10 minutes each. There will be a flexible approach to asking questions based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule.

A member who is not part of the committee may at the discretion of the chair ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable and referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion on 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 and not to the minister's advisers. The minister may refer questions to advisers for a response. I also advise that, for the purposes of the committee, television coverage will be allowed from the northern and southern galleries.

I declare the proposed payments open for examination and refer members to the Budget Statement, in particular, pages 2.14 and 2.15, Appendix C, and the Portfolio Statement, Volume 1, pages 4.14 to 4.47. I call on the minister to make a statement, if he chooses.

**The Hon. P. HOLLOWAY:** I will make a brief opening statement. The safety of our community has been one of the highest priorities of the Rann Labor government since it came to power in 2002. Sweeping legislative changes and law reforms, along with major spending initiatives, have been at the centre of the government's law and order agenda. The government's seventh budget was delivered by the Treasurer earlier this month, and it includes a range of initiatives aimed at helping to make our community even safer.

The state government has continued its record funding for South Australia's police with an 11 per cent increase to nearly \$630 million for the 2008-09 financial year, and that is 62 per cent more than in 2002-03. While the 11 per cent increase partly reflects the improved pay and conditions provided to South Australian police officers as part of the latest enterprise agreement, it also includes a number of new initiatives that make our state safer.

The highlights of this year's budget include \$38 million to relocate SAPOL headquarters to a new state-of-the-art five-star energy rated premises, which will be fitted out to meet the demands of increasingly sophisticated policing operations.

An amount of \$5.7 million will be spent on a new CCTV system to be installed in metropolitan and regional police stations to enhance the management of prisoners being held at the stations. Also, \$5.9 million will be spent over the next five years to provide the whole of SAPOL with a sophisticated IT tracking program that will allow a rapid cross reference of criminal associations, details of control orders and the use of public safety orders, which will allow police to take swift action for any breaches. While not specifically under the SAPOL budget, but something that will greatly assist our police in solving crimes, \$5.3 million is allocated over the next four years to be used to recruit 18 additional scientists, support and technical staff to help slash the backlog of forensic analysis of DNA evidence to speed up the prosecution of criminals.

I believe we have the best police force in the nation, and this is supported by an increasing majority of South Australians. The 2008 Productivity Commission report on government services shows that of the people who had contact with South Australia Police in the past 12 months, 85 per cent were either very satisfied or satisfied with the service provided, 84.2 per cent agreed or strongly agreed that South Australian police performed the job professionally, and 79.4 per cent of respondents agreed or strongly agreed that South Australian police were honest.

All of the above were the highest percentages in the nation and an improvement on the commission's previous survey results in 2007. So, I think that is an overwhelming public endorsement of the great work that our dedicated police officers do day in and day out. Without question, the great work being done by our police officers, and the government's tough approach to law and order, means that South Australia is a safer place today.

According to SAPOL statistics, the state's crime rate has fallen by 18.2 per cent since 2002-03. Police continue to make substantial progress in a number of areas, and this is due to their continuing focus on reducing crime through advanced technology, professional policing practice, efficient use of resources and by fostering strong partnerships with communities. While the falling crime rate is welcome, we cannot become complacent and we always have to seek new and improved ways of preventing and solving crime. Fighting crime is a race with no finishing line. No matter how good the results are in any year or category of crime, we will always strive to do better.

I applaud all South Australian police officers for continuing to carry out their often dangerous work with vigilance, integrity and professionalism and for making South Australia a safer place to live and work. I would also use this opportunity to again congratulate Commissioner Hyde on the recognition of his work and the work of SAPOL in the Queen's birthday honours list.

**Honourable members:** Hear, hear!

**The CHAIR:** Does the lead speaker for the opposition wish to make an opening statement, or go straight to questions?

**Mrs REDMOND:** I do not wish to make an opening statement but I was wondering whether I could read in the omnibus questions now so that they are out of the way.

**The CHAIR:** It is entirely up to you. I will allow you to put them in at the end.

**Mrs REDMOND:** In that case I will get straight into questions. I refer to Budget Paper 4, Volume 1, page 4.15: the target of recruiting 400 new police officers by 2010. I note that, in the

Capital Investment Statement, completion of this project is rolled back to June 2012 and, further, that the total cost of the program has been cut by \$1.3 million. My question to the minister is: why does the completion date shown in the Current Capital Investment Statement conflict with their 2008-09 target?

**The Hon. P. HOLLOWAY:** The target is that we will have 400 new police officers by the end of the 2009-10 financial year; that is our commitment. The fact that the completion date for the program is put out two years is, I understand, just a reflection of some of the additional costs that will flow on from the completion of that program. I will ask the Commissioner to explain the technicalities, but I can assure the committee that the target of the recruitment of the 400 officers is still the government's target and we believe we are on track to achieve that. I will ask the Commissioner to explain that particular entry in the financial papers.

**Mr HYDE:** As I understand it, the question related to the different target dates for the recruitment of the staff as opposed to the capital program. There is somewhat of a lag in completion of the capital program to match the recruiting program. In one sense that reflects the normal processes for capital. Recruiting of staff is a much more flexible process which can be brought on a lot quicker. Sometimes the capital program gets extended because of some of the processes involved and there are some large investments in that capital program, in particular the refurbishment of, or some large structural changes at, the Elizabeth police complex and also the Christies Beach complex. So there is, unfortunately, going to be a lag. In an ideal world they would match up, but I think it reflects, in the main, the differences in the capital processes there.

**Mrs REDMOND:** Will the minister explain what cuts have been made in the program to accommodate the \$1.3 million budget decrease shown in the estimated total cost of the project in the Capital Investment Statement?

**The Hon. P. HOLLOWAY:** We are certainly not aware of any decrease. If the honourable member states particularly what figures she is looking at we may be able to explain it, but as far as we are concerned there is no cut to the program for the recruitment of new police officers.

**Mrs REDMOND:** I will go on with the next question and I will look up the Capital Investment Statement page to refer to the minister. The investing payment summary for SAPOL indicates a 2007-08 estimated underspend of \$1.1 million on the Recruit 400 program. In light of this 2007-08 underspend, coupled with the \$1.3 million cut to the project budget, will the minister concede that South Australian police officers are under resourced and officers recruited under the program will be under resourced?

**The Hon. P. HOLLOWAY:** Compared to the number of police officers we had back in the mid-1990s, when it dropped to 3,400, we now have close to 4,200 sworn police officers within our state. We had just 3,400 at the low point in the mid-1990s, so I do not accept any criticism that our police are under resourced or in short numbers, and certainly if one makes a comparison with other states, that sort of criticism vanishes because it is not true. As I indicated earlier, we believe we are on track to recruit the number of police officers involved. Certainly there are timing issues in relation to the recruitment of police.

Yesterday I was at a graduation ceremony at Fort Largs, where I think 19 police officers graduated at that ceremony. On other occasions you can have up to 30 police officers who will graduate at any particular time; and, indeed, at the moment we do have a number of courses in our academy. In relation to the recruitment of police officers, they do come on in bulk. You will get 30 here and 20 there as they graduate from the academy. Of course, retirements can follow seasonal or other fluctuations over a period. So on any one day the number of sworn police officers you have will differ from the next day.

As I understand it, there is an expected attrition rate of approximately 150 for the year, so to increase the net number of police by 100 we need to recruit 250. That will happen in a number of courses over the year—we do not train all 250 so they suddenly appear and graduate on 1 July of any particular year—and it is that variation that affects the numbers. Of course, we really do not have any control over the attrition rate. Fortunately, I believe the figures show that the attrition rate in the current 12 months has been within expectations, so the planning done by police in relation to numbers has been pretty much on track. However, in the real world it is not possible to expect to have an exact match on any given day of the year.

**Mrs REDMOND:** With respect, minister, I understand what you are saying, but it relates to the numbers of police; my question was about the resources available, given that there was an underspend of \$1.1 million in the year just finishing and it is anticipated that there will be a significant underspend of more than \$1 million over the next 12 months. I accept that there will be

fluctuations day to day in the number of police, but surely that does not address the question: are they being under-resourced, if you are underspending that much money whilst recruiting new people into the force?

**The Hon. P. HOLLOWAY:** The police budget is something in the order of \$638 million that we are spending. As I said, it is not possible to think you can totally match numbers. What is important is the number of recruits, and that has been steadily growing with the government's commitment. In relation to that, we have a number of initiatives aimed at making the recruitment of police more attractive, and perhaps the Commissioner will enlarge on those. There has been some focus on UK recruiting recently, and I believe between 300 and 400 officers have been recruited from the UK over the last four or five years. We also believe it is important that we recruit younger people and encourage them to look at policing as a career, and the Commissioner has looked at a number of initiatives in relation to that.

**Mr HYDE:** I would like to make a few comments on the capital or equipment side, which was part of the question. That is really a link back to my first comments. It is a timing issue; the overall funding has not been reduced but the scheduling of the expenditure has been, because some of the expenses relate to major works at buildings. So, that is part of the 'lumpiness' (so to speak) of the way it will be spent. In an ideal world you would be able to do those things at a time that matched the staffing increase so there would not be any impact; unfortunately, it does not work like that in reality. So, you might argue that some of the officers at Christies Beach or Elizabeth, for example, are not getting the building support they need to do their job, but it is coming. It is being done, but there is a bit of a mismatch in the timing.

As far as recruiting is concerned, we have targeted the increase of 100 each year over the program of recruiting the 400 additional police. Again, part of the problem is the tight labour market, so the timing is not necessarily going to match our aspirations on recruiting. However, the numbers are getting there through initiatives such as recruiting serving police officers from the United Kingdom—and I must say that that has been going really well. We also introduced a youth development program whereby we look to hire, as public servants, young people who, for a number of reasons, might have narrowly missed out being recruited. We then put them through a development program and, hopefully, they may be able to bring up their aptitudes, etc., to match what was required. The trial that we completed on that was quite satisfactory, so we will be doing a little more of that in the coming financial year.

In terms of the overall numbers, we will probably finish the year about 70 short of our approved establishment. However, we probably have 60 to 70 additional officers in the academy than we were expecting at that time of year as well. It is really a timing issue. They will not be graduating before the end the financial year, but they will be graduating soon after the end of the financial year. We expect these sort of slippages as we go forward because of the tight labour market, and we think that we will not be too far off the mark (the timing) in terms of our overall numbers outcome, but, along the way, we can expect that there will be some timing issues, and again that is just the practicality of trying to make it all happen.

In terms of the overall numbers we recruited this year, the net increase (if I can put it this way) from the previous financial year to the current financial year was about 112, whereas our target was 100, but we were picking up some of the shortfall from the previous year. It really demonstrates that we can get there but it will not be an easy road as we go forward. However, I never knock back additional police officers, and so we will find every way possible to make it all happen.

**The Hon. G.M. GUNN:** I have a supplementary question. Have you had any success in attracting former police officers who, for some reason, may have left the force and who have shown an interest in rejoining? Obviously, you have people who have experience and training. Has any effort been made to try to encourage them to come back into the force?

**The Hon. P. HOLLOWAY:** I will ask the Commissioner to answer that.

**Mr HYDE:** We have been pleasantly surprised. I do not have the figures here and we will try to get the figures for you. Normally the number of re-employees (which is the way we describe them in our recruiting strategy) is about 10 to 15 per year. Again I do not have the numbers available, but I think we have had a higher number in the previous 12 months than we were anticipating, and so that was a good sign. In addition, we factored in an attrition rate of about 180 for the year and, in fact, the estimates of the final outcome, which will not be too far away, is somewhat short of that. It is about 10 short of that. Again that was quite a good sign in terms of the overall retention of police officers.

**The Hon. P.L. WHITE:** I refer to Budget Paper 4, Volume 1, page 4.28, Sub-program 3.2: Road Use Education. Will the minister provide details of the latest hoon driving statistics?

**The Hon. P. HOLLOWAY:** Irresponsible driving does continue to be a concern to the state government (and I am sure it is a concern to police and road safety authorities) and it is directly responsible for many road crashes within this state. In 2005, hoon driving laws were introduced into South Australia so that those in our community who choose to drive dangerously or irresponsibly would suffer the indignity of having their precious wheels impounded for 48 hours.

The original laws covered offences such as driving a motor vehicle in a race between vehicles, operating a motor vehicle to produce sustained wheel spin, driving a motor vehicle in a public place so as to cause engine or tyre noise and driving a motor vehicle onto an area of park or garden. I am sure that every member of parliament is well aware that they are all the sort of offences that used to happen in their areas. While those laws proved to be very successful, last year the government introduced new sanctions, giving South Australia some of the harshest penalties in the country to crack down even further on the sort of antisocial behaviour that blights many neighbourhoods across our state.

The new sanctions now give police the power to home clamp or impound a car for a week instead of 48 hours, while also allowing police to apply to the courts to extend that period to 90 days. The range of offences under the new hoon laws have also been expanded to include driving an uninsured or unregistered vehicle, driving disqualified or unlicensed, drug and drink driving, graffiti vandalism, driving without due care, speeding dangerously, and dangerous driving to cause police pursuit or to escape police pursuit. Legislation was also amended to extend from five to 10 years the period for which the courts can take into account a previous offence.

Since the introduction of the new laws there has been a huge increase in the number of cars impounded or clamped. SAPOL figures show that between 1 July 2007 and 31 May this year 1,295 vehicles had been impounded or clamped for a total of 1,989 hoon offences. Of those 1,295 vehicles, 1,085 were impounded, while 210 were clamped, which not only causes inconvenience to the perpetrators but, with a bright yellow clamp on their car, it lets their neighbours know what kind of behaviour they have been up to. This is an increase of 504 cars, or 63 per cent, on the previous financial year, and we still have one month to go on the figures.

While the main reason for the significant increase in the number of cars taken off the road is due to the expansion of the laws to include a broader range of offences, our police should be congratulated for their efforts in targeting this irresponsible behaviour and impounding or clamping more of these cars. The police have done a great job in targeting these hoons during the past 12 months, and I am confident their ongoing operations will make our roads even safer. We are now holding hoons accountable for their stupid behaviour and hitting them where it hurts most: by taking away their prized vehicles.

I am sure that members here and their constituents are totally fed up with wheelies, burn-outs and racing in their neighbourhoods and with those who continually drink and drive. Not only is this type of driving a threat to innocent South Australians but it can also lead participants to an early grave. Hoons love their cars and many put a great deal of money and energy into them. These laws are designed to hit them where it hurts: by taking away their wheels if they misbehave. I believe these laws will play an important role in improving road safety.

Even though the increase in the number of cars impounded or clamped is due to more offences being included under hoon legislation, it is still disappointing and very concerning that so many people are driving in a way that endangers not only themselves but also their passengers and members of the public.

**The Hon. S.W. KEY:** My question relates to Budget Paper 4, Volume 1, page 4.22, sub-program 2.1, relating to crime prevention. Will the minister outline how the strengthened DNA legislation has assisted police in solving crimes?

**The Hon. P. HOLLOWAY:** South Australia's DNA database is playing an increasingly significant role in the prevention, detention and investigation of crimes. Matching DNA samples can suggest the possible identity of an offender, can help solve cold cases—unsolved crimes that occurred in some cases many years ago—and can help catch serious offenders when they are picked up for a minor offence and can also eliminate individuals from suspicion when their DNA does not match that found at a crime scene.

In South Australia the forensic science DNA criminal intelligence database was established in 1999. When this government came to office in March 2002 there were only 2,000 DNA profiles

on the system. The government recognised the importance of DNA as a powerful tool for crime fighting when it changed the law to require prisoners in South Australia to be DNA tested and we expanded testing to specified summary offences. In 2006 a court judgment highlighted complications with this state's DNA legislation and the government conducted a comprehensive review of the act. In June 2006 the government announced that it would overhaul DNA legislation to allow the indefinite retention of lawfully obtained forensic material and DNA profiles by police.

The United Kingdom had a similar predicament when two cases involving a rapist and a murderer were overturned on appeal, despite DNA evidence that linked the defendants to the offences. The offences were quashed by the UK Court of Appeal on the grounds that the DNA evidence should not have been admitted. The defendants had been identified through their DNA profiles being retained on the database for earlier offences when they should have been removed. This caused considerable public concern in Britain and the law was subsequently changed to allow those profiles to be retained on the database.

Fortunately, the case in South Australia did not involve the offence of murder but, nevertheless, we did need to make sure that a similar incident did not occur in South Australia. Just over a year ago the new DNA laws came into force which allow police to take and retain on record the DNA profile of anyone who commits or is suspected of committing an indictable offence or any summary offence punishable by imprisonment.

Before the new laws were introduced, 21,343 DNA profiles were held on the South Australian Criminal Reference DNA Database (SACREDD). Since these laws have come into force an additional 19,220 DNA profiles have been added to the DNA database, and this now brings the total number of DNA profiles on the system in South Australia to 40,563. This means that under this government more than 38,500 additional DNA profiles have been uploaded onto the state's DNA database.

That data is also being uploaded regularly onto the National Criminal Investigation DNA Database (NCIDD), with links to many historic crimes already identified and passed on to police around Australia for further investigation. As the number of DNA profiles on the database grows the number of DNA matches also begins to increase, illustrating the potential intelligence value of such a database. DNA testing has the proven capacity to solve serious crime, such as murder and rape, and it has been used already to solve so-called cold cases where the offender has avoided detection for many years.

The ability to match DNA samples with crime scene evidence has been picking up pace in South Australia. There have been 1,031 suspects and offenders matched to crime scenes between 1 July last year and 1 May this year—up from 594 matches in the 12 months to 30 June 2007. DNA evidence is an important tool in fighting crime and terrorism, and we stand by our decision to balance people's rights with their right to live safely in our community.

South Australia's DNA database is now a powerful intelligence tool which assists police to quickly identify offenders, make earlier arrests, secure more convictions and provide critical investigative leads for police investigations. In this year's state budget we are backing this legislation with an extra \$5.3 million over the next four years to recruit 18 additional scientists, support and technical staff to help the backlog of forensic analysis of DNA evidence and to speed up the prosecution of criminals. I said in my opening address that that is not in SAPOL because there is a division between the agencies that collect the DNA evidence and assess it. The current database turnaround times will be cut by nearly half to a matter of weeks, and this is absolutely critical in helping to bring successful prosecutions to the courts.

We also announced additional funding of \$200,000 a year for an ongoing grant to the School of Biological Sciences at Flinders University. The school has established a strong reputation in forensic DNA research and this grant will secure the DNA forensic capability at Flinders University and strengthen links between the university and Forensic Sciences SA. We are not only investing more money in law and order but also giving police the legislation they need to make South Australia a safer place in which to live and work.

**The Hon. S.W. KEY:** That is good news for South Australia. I have a supplementary question. Could you comment on the proliferation of TV programs, such as *CSI* and *Cold Case*? Do these types of programs act as a disincentive (because they assume our capabilities are much more sophisticated than they are) or are they a problem? I know a lot of young people want to end up being forensic scientists and police officers, but I wonder whether the minister or the Police Commissioner have a view on that?

**The Hon. P. HOLLOWAY:** I am much too busy as a minister to watch those television programs so, unfortunately, I do not get the opportunity to see them. I think anything that highlights the improvements in forensic science will, hopefully, act as a deterrent. I suppose that it would also tend to change criminal behaviour. However, with respect to how accurate those programs are in their portrayal of how effective DNA might be, I will perhaps defer to the expert; the Commissioner. I do not think I will get into that one.

**Mr HYDE:** I think one can speculate about those programs and whether they have an influence on people's views. I am really not in a position to speculate about that. However, there is one aspect of it that may raise a concern over time, and that is that people assume that is the way science works and that you can solve a case in half an hour or an hour with all those pieces of technology. I think technology is assuming a much bigger role within the criminal justice system.

The point that I am making, which may develop into a concern in the future, is that it could well be that courts and jurors will begin to assume that, if you do not have that sort of DNA or other scientific type evidence, your case is defective, whereas we all know that there is still a major role for the normal rules of evidence and what you can put forward as pieces of evidence. However, it could well be that, over time, people place much greater importance on the scientific and technological side of things and, therefore, when cases do not have that sort of evidence they may not necessarily get up. I have heard that postulated in a number of places—not here in South Australia, but it could well be a concern for the future.

**Mrs REDMOND:** I refer to page 20 of this year's Capital Investment Statement. I note that the total budget for the road safety and speed detection equipment project is \$3.3 million, with the budget for the initial year of the program \$3.2 million, but it is estimated that \$2.7 million of this was spent in 2007-08. Will the minister explain the 2007-08 underspend and why the completion date for the project has been moved to June 2009?

**The Hon. P. HOLLOWAY:** Given that we have a Minister for Road Safety who has her own estimates line, we can give a quick answer here. However, if the honourable member wants to pursue those sorts of questions I do not want to steal the thunder from my colleague. I will ask Mr Patriarca to explain the statistics. It is really a road safety issue.

**Mr PATRIARCA:** The funding was provided for breath analysis equipment and mobile radar devices. In terms of our supply arrangements with respect to the breath analysis devices, we have ordered new devices. There has been some problem getting them calibrated and approved for Australian use, because they are a new machine and need to be accredited to operate in Australia. We have recently solved those problems with the suppliers and we are starting to commission the replacement devices for breath analysis. The reason why there is a deferral in the expenditure is that we have had a problem in getting supply this year.

**Mrs REDMOND:** Last year in estimates the Commissioner of Police stated:

Part of the road safety initiative is to roll out another 48 cameras, and some of those are red light speed cameras as well. The program was intended to roll out the cameras over these years: 2005-06, 27 cameras; 2006-07, seven cameras; 2007-08, seven cameras; and 2008-09, seven cameras.

Will the minister advise how many of the cameras were rolled out in each of the financial years listed?

**The Hon. P. HOLLOWAY:** Again, they are probably matters about which it be would be better to ask my colleague the Minister for Road Safety during her estimates. We can probably provide that information now.

**Mrs REDMOND:** They appear in the minister's budget lines.

**The Hon. P. HOLLOWAY:** The initial timings of the placements of the 48 cameras were 27 cameras in 2005-06, then seven cameras in each of the following financial years. The initial timings for the placements had been delayed due to hardware and software complications. I think that some of the difficulties we had were well covered in previous estimates in terms of going from wet film to digital cameras. My advice is that nine cameras were operationally deployed in March 2006, 10 cameras were operationally deployed in October 2006, 15 cameras were installed and operationally deployed progressively from March 2007 to June 2007, and it is anticipated that three cameras will be operationally deployed before the end of this financial year. It is anticipated that a further 11 cameras will be installed and operationally deployed during 2008-09.

**The CHAIR:** I advise the member for Heysen that those lines will also be open before the Minister for Road Safety. Perhaps we could get some police questions; it is up to the honourable member.

**Mrs REDMOND:** On 8 June 2007 *The Advertiser* reported a police quota rise of traffic stops from 50 to 70. The minister was questioned last year on what financial impact he expected that to have on the 2007-08 revenues from fees, fines and penalty. Will the minister advise what financial impact this policy change had in 2007-08?

**The Hon. P. HOLLOWAY:** I think we can talk only about the overall statistics. Of course, there is a revenue figure and there is a figure for the number of apprehensions which provide different information. We can do some breakdown here, but the estimated result of traffic infringement notices in 2007-08 is 81,746 notices, and that results in about \$16.2 million in revenue. If one looks at the number of traffic infringement notices in the previous financial year (2006-07), 69,154 were issued with a corresponding revenue of \$13.632 million.

**Mrs REDMOND:** I understand that the member for Stuart may have a question.

**The CHAIR:** The grandfather of the house, the member for Stuart.

**The Hon. G.M. GUNN:** You have only one more year to put up with me and then you will not have to worry.

*The Hon. S.W. Key interjecting:*

**The Hon. G.M. GUNN:** I think I would have done my penance by then.

**Mrs REDMOND:** It must have been a big crime!

**The Hon. G.M. GUNN:** I know that some will be pleased to see me go. My question relates to the speed detection equipment. On Monday, when I was travelling along to catch the ferry to come down to this august place, I heard the Commissioner on the Matt and Dave program. Let me say at the outset that I think it is a good initiative that the Commissioner comes on the program, explains various things and then people can ring in. One person rang in expressing some dissatisfaction that he was stopped. It was suggested that he was doing 140 km/h and he strongly denied it. Is the Commissioner now in a position to indicate whether that equipment and other equipment actually is accurate? In *The Advertiser* of Saturday 8 March there was the headline 'Driver's police radar challenge succeeds'. Can the Commissioner indicate whether this equipment is accurate and what steps are taken to test it?

If someone is pulled over and they want to challenge it, they really have limited options because they have to go to court, and that itself is an expensive option. Those of us who spend a lot of time in motor cars are tuned into these programs and, like farmers, listen to them because it helps to take up some of the time. I am not suggesting there was anything wrong with the Commissioner's being on the program. I think it is a very good initiative, and democracy is good because people can ring and speak to the Commissioner of Police and raise matters of concern. But this is a matter that I am interested in, and I thought it was a very interesting comment that the person made.

**The Hon. P. HOLLOWAY:** Lots of people claim they were not going as fast as the speed detection equipment indicates but, as far as I am concerned, I do not think there has been any question about the accuracy of the equipment. There have been a number of issues raised in the past around accreditation issues and the like but, in relation to the equipment that is used, I understand it is regularly tested.

All speed and breath alcohol measuring equipment which is maintained by the SAPOL calibration laboratory is calibrated in accordance with the National Measurement Act 1960 and its regulations. In order for calibration of a measuring instrument to be consistent with the act, the calibration must be legally traceable to Australian Standards of measurement maintained by the National Measurement Institute. The act allows several ways for this to be demonstrated, including the use of measurement reports issued by a NATA accredited and NMI appointed certifying authority. However, traceability is currently demonstrated in court by SAPOL in accordance with South Australian laws and rules of evidence. A facility recognised as a certifying or verifying authority by the NMI is able to issue a measurement report for a measuring instrument of an approved pattern that under the National Measurement Act of the commonwealth and its regulations has evidential status in all commonwealth, state and territory courts and tribunals throughout Australia.

It is one thing as to whether the police will want to continue to pursue particular cases in court where there may be issues about location, but all I can say is I get letters from members of parliament, and others, all the time disputing various aspects of speeding fines but, after investigation, invariably it is found that if there are any errors they are technical or paperwork errors



in relation to the particular location and the like of the cameras. But, very rarely, I think, in the hundreds of cases that I have seen, has it been necessary, following review, for those cases to be reversed. I will ask the Commissioner to comment on that particular case.

**Mr HYDE:** We did obtain the caller's contact details and we are following up the issue that he raised. I do not have an answer to the question yet. I was intrigued to find out the circumstances, and it is difficult on radio in a very brief situation to give a really definitive answer. I think when we start to explore the circumstances and what occurred we might have some sort of answer.

**The Hon. P. HOLLOWAY:** I will add that there are situations that members raise and, if there is a proper review of any cases that are disputed, where there is any doubt, those notices are withdrawn if it is considered appropriate.

I think that, in the vast majority of cases, people who are picked up by speed detection devices are in fact speeding, and there is no question about it. It may be that, for all sorts of reasons, some people who are detected may feel unhappy about it. However, certainly as far as I am concerned, very rarely is it the case that there is any query in relation either to the accuracy of the equipment, the placement of the cameras or some other aspect of policing. Invariably, people are actually speeding.

The fact is that, since those cameras were introduced, there has been a very significant reduction in the road toll and, if one looks at the human cost alone, the benefits have been absolutely enormous. The other day, some publicity was given to the fact that the number of offences in the 60 to 69 km/h mark had risen significantly since 2002. Of course, they have, and the principal reason is the introduction of the 50 km/h speed limit.

If one looks at the statistics, it is absolutely undeniable that, since the introduction of that speed limit to the city, the road toll and the number of accidents have declined significantly. The fact that the speed limit was reduced from 60 to 50 km/h is the main reason for the big increase in the number of expiation notices issued in the region of 60 to 69 km/h. It is as simple as that.

In fact, if you look at the transition time, because the 50 km/h speed limit was introduced halfway through the year, you can see the increase in the number of notices issued corresponding to that time. What I think is more important than the number of fines in that range being issued is the reduction in the road toll, which is commensurate with the introduction of that limit.

**Mrs REDMOND:** Following on from the minister's last comment, having spent 10 years on the Road Safety Advisory Council of the state, I am quite comfortable with the fact that international and Australian experience, and that of this state, absolutely support the notion that a 50 km/h zone reduces the incidence and severity of road accidents and their consequences.

However, it is also the case that, when it was introduced, we were advised that it would not apply to arterial roads. Since the minister lives not too far from where I live, he would be aware of roads in the area which are clearly arterial roads but which have now been made 50 km/h zones. I have a constant stream of people, who have 30 plus years of driving without an infringement notice, who suddenly find that their unblemished record is blemished because of driving at 60 km/h in a 50 km/h zone. I will not comment further, but I think that there are some unreasonable and unfortunate consequences of the fact that this has not been restricted to the areas where it was meant to be restricted.

**The Hon. P. HOLLOWAY:** For those who have been driving for 20 or 30 years, it is sometimes difficult to adjust to 50 km/h if they have been used to driving at 60 km/h around built-up areas. It is sometimes difficult for people to adjust, but it obviously needs to be done in terms of achieving those road toll reductions and increasing safety.

**Mrs REDMOND:** Yes, but it is also not just on—

**The CHAIR:** Order! The member for Heysen will not engage in conversation with the minister. If she wishes to discuss things with him privately, we will have a morning break in about 15 minutes.

**Mrs REDMOND:** We will?

**The CHAIR:** Yes; we will.

**Mrs REDMOND:** Perhaps we will go onto the Fort Largs Police Academy and the work being undertaken to redevelop it. I refer particularly to the Investing Payments Summary on page 4.17 of Volume 1 of Budget Paper 4. The total budget for the redevelopment is \$29.7 million.

Last week, the *Sunday Mail* reported that a portion of the site will be sold as part of the redevelopment. Will the minister state, under each of the academy designs, the amount of land that will be sold?

**The Hon. P. HOLLOWAY:** Obviously, that work is being done at the moment. I will make a general comment and then hand over to the Commissioner to provide some details. In general terms, clearly the amount of land that is used now for the Police Academy is different from the 1960s, when Fort Largs was first developed. The nature of training police officers has changed dramatically over the years, and we needed to develop a new facility at Fort Largs. The amount of land we have at the facility is no longer required, and, of course, the use of that land can help defray some of the significant expenses involved.

**Mr HYDE:** This is a very important project for us. The concept was initiated by the South Australia Police as well. The concept really looks at the amount of land which is unused and which has been unused for a very long time. The site is in total about 14 hectares. There is an unused portion of land, the current site for the academy and also the heritage aspect of the old fort. We proposed that the heritage fort might move to some other community use, maybe like Fort Glanville, which is just down the coast, so there is work being done on how that might pan out. The unused portion of the land has been proposed for sale for residential development. The exact amount is not yet determined, because the project is in the design phase. The design phase will look at the options as to how much land is required for the academy, where that is best positioned, and so on. That means, of course, that the end point on how much land would be available for residential development will not be known until that part of the project is complete.

In addition, the funding required will obviously need some review, because those figures in the forward budget have not been adjusted for any CPI. In addition, it will depend on the design that, at the end of the day, is acceptable to the government. There is still a lot of work to be done. That is really what will be taking place over the next 12 months. It is not planned that construction will actually begin until about December next year.

**Mrs REDMOND:** Does the government have any idea of the approximate revenue to the government from the land sale, or is that impossible to say as yet? Anthony Toop has suggested, for instance, that it could sell for as much as \$1,000 a square metre.

**The Hon. P. HOLLOWAY:** I am sure that the government would be delighted if it could get \$1,000 a square metre for any land it sold, but that is not really the purpose of it. Obviously, we have to look at the requirements of the police for training. Obviously, SAPOL will have to look at the options. We are not getting rid of the land as a revenue making exercise for government; in fact, the government will contribute significant money. Essentially, budget allocation is an indicative amount of what it might cost, but, obviously, how much the government will recover in relation to land will depend on what land is sold and the time at which it is sold. It is not a revenue issue: it is a matter of providing a modern training facility for police because, in the current facilities, with the exception of the firing range, most of the buildings were built in the 1960s and they have clearly outlived their use-by date.

**Mrs REDMOND:** I take it from the minister's first answer on this topic that the Fort Largs heritage buildings are likely to be put to some other community use. How will their heritage be protected?

**The Hon. P. HOLLOWAY:** I am told that Fort Largs is perhaps one of the best examples of a colonial fort in Australia. I am told that there is only one, on Stradbroke Island off Brisbane, that is compatible in quality. Clearly, it is important that a significant piece of state heritage is preserved. I give an absolute guarantee that there will be no threat in any way, shape or form to that wonderful piece of history. It is really a question of how it is managed in the future. I have already had approaches from a number of army groups who have a very great interest in the military history of the state. There are a number of groups that would like to be involved in the future of the fort and, perhaps, ways in which it could be more accessible or available to the public.

I do not know whether there have been any advances on that but, as the Commissioner said, Fort Glanville is part of state heritage and that is run by various volunteer groups who open it up to the public. Personally, I would like to see that happen at some stage in the future in relation to Fort Largs but clearly, at present, the fact that it is within the precincts of the Fort Largs Academy has enabled that wonderful heritage to be protected. I think that has been a plus, but ultimately it is something that, if possible, perhaps more South Australians should be able to see and enjoy.

**Mrs REDMOND:** Could the minister provide a breakdown of the costs associated with the Fort Largs project for the 2008-09 financial year and also for the life of the project?

**The Hon. P. HOLLOWAY:** Again, we have already indicated in relation to what the revenue might be in relation to land sales that it is obviously premature for that, and I think I have also indicated that essentially the figure that was put in was an indicative figure that had been in the budget for some time now. The current budget approval is \$29.7 million to be spent over three years: \$3 million in 2008-09, \$13.4 million in 2009-10 and \$13.3 million in 2010-11. That funding will be reviewed following the selection of a preferred concept completion. So, as I said, the figures are essentially indicative at this stage.

Incidentally, perhaps I can add that the fort building has received recognition as being of significance to the state. It is in the classified list of the National Trust of South Australia as 'defensible barracks'. It is on the state heritage register under the state heritage act. The Fort Largs Police Academy, including the RML and breech-loading guns, is also registered as part of state heritage and it is also on the Register of the National Estate.

So, it is a very significant part of the heritage of our state and it will be protected, whether it is under SAPOL or government or some private arrangement. My personal view is that I hope more people will ultimately be able to get the opportunity to see it, because it really is a wonderful piece of our heritage.

**Mrs REDMOND:** Will the construction of the new facility be under a PPP; and, if so, will the minister provide contractual details such as costs, terms and annual payments and hand-over details?

**The Hon. P. HOLLOWAY:** It certainly is not at this point. The type of funding obviously would be more a matter for the Treasury. It is one thing to have seven or eight police stations built under PPPs as we did, but I am not sure whether this one individual building would be suitable. That is really for Treasury to decide more than SAPOL. That is really up to other arms of government.

**Mrs REDMOND:** Is there an accommodation provision for country cadets for each possible design for the new facility?

**The Hon. P. HOLLOWAY:** I will ask the Commissioner to indicate how cadets are currently housed. I think it is a different system now than might have operated when the academy was first established in the 1950s or 1960s.

**Mr HYDE:** Accommodation will be included in all options that are put up. It is true, though, that the accommodation requirements are quite different today than they were 30, 40 or 50 years ago when all cadets in training were required to live in. Because we recruit across a very wide age range now and people come to the training academy with families and their own family homes and commitments and things of that nature, we do not require them to live in the same way that they did in the past. However there will be a need for some cadets to live in in the future.

In addition to that, we will also be looking to make sure we have appropriate accommodation for officers who are coming to Adelaide for court and other business from country areas so that they can have suitable accommodation as well. In keeping with both of those requirements, the type of accommodation which will be considered in this project will be far more in tune with today's requirements than the dormitory-style arrangements of the past.

**Mrs REDMOND:** I refer to Budget Paper 3, page 2.15: expenditure and savings initiatives for South Australia Police. For Outlaw Motorcycle Gang Task Force—ongoing support, there is nothing for this year; \$60,000 in the following year; \$105,000 in 2010-11; and \$530,000 in 2011-12. Why is there no provision for ongoing support for the Outlaw Motorcycle Gang Task Force in the current year?

**The Hon. P. HOLLOWAY:** There is very significant assistance given. For a start, the Crime Gangs Task Force numbers were boosted significantly in the 12 months of this financial year relative to the old Operation Avatar. One of the initiatives announced in this budget is the provision of a database which will have significant benefits in relation to policing outlaw motorcycle gangs. The honourable member refers to the particular line, but I think we need to look at the bigger picture in relation to what we are doing in relation to outlaw motorcycle gangs.

The point I make is that, apart from the IT systems, there are also significant staff who will be committed to the outlaw motorcycle gang initiative: 8½ unsworn officers (FTEs) will be part of this year's recurrent initiatives. They will be dealing with the processing of data at a cost of over \$1 million. Then, of course, there is the information technology component, which I have mentioned. The rest of it, in relation to policing itself, will come out of the normal SAPOL budget. Again, I remind the honourable member that there has been a very significant increase in the size

of the organised crime task force. There are 44 members now in that task force, compared to about 20 in the old Operation Avatar. So there has already been a significant increase.

Of course, the government has introduced a number of legislative initiatives, of which I am sure the honourable member is aware, not just the core legislation. It has made changes to firearms legislation and also drug legislation which will have impacts on outlaw motorcycle gangs and other organised crime gangs. There is a range of legislation to enable better detection of drug use and to harass, if you like, those involved in producing and selling drugs. That legislation will also come through and it will be policed through other sections of SAPOL, so the budget contribution in this area will be spread across the whole of SAPOL.

**Mrs REDMOND:** Minister, would you care to comment, or even have the Commissioner comment (or both of you), on the comments by Christine Nixon today in relation to the view that the legislation and the approach being taken in this state will force the activities of outlaw motorcycle gangs underground? Will that impact upon our ability to deal with them?

**The CHAIR:** I will rule that out of order because there is no budget reference to that whatsoever. You are asking a policy question, which I understand is a legitimate point of inquiry from the opposition; however, estimates inquiries are simply to look at lines of budget expenditure. If the minister wishes to expand on how that works, that is entirely up to him. I also remind opposition members that they cannot address questions directly to the Commissioner or any other officers at the table.

**The Hon. P. HOLLOWAY:** I think the honourable member should look at the cartoon in *The Advertiser* this morning which I think makes the point very well: it shows a bikie crossing the border into Victoria. If criminal gangs—whether they be outlaw motorcycle gangs or other organised crime groups—find the going too tough in South Australia and leave the state, then that is absolutely fine by me. I think that Victoria and other states can have their views.

It seems to me that with a lot of outlaw motorcycle gangs, and indeed other organised crime gangs, a lot of their criminal activity is out of sight—it is not so visible. If the role of the police is purely to deal with visible crime, but to ignore the crime that is not visible, I do not really think that is an acceptable outcome. It has to be remembered that these outlaw motorcycle gangs, by all measures of the intelligence we have, are absolutely central to the production and distribution of certain types of drugs within the community. That creates enormous harm in the community. Perhaps it might be convenient to turn a blind eye to some of those activities, but that is not acceptable to me and I do not think it is acceptable to any community, and I do not think it is acceptable to South Australia Police that we should just ignore those activities and find some way of having an easy life as far as bikies are concerned.

If they are, as intelligence suggests, absolutely central to involvement in crime within our community, we have an obligation in my view to address that part of crime and, from this government's point of view, we make no apology whatsoever for making life tough for those profiting from peddling drugs and creating enormous harm to the community. I should also say that it is not just drugs: these groups are also involved in a number of other elements of crime from laundering money to other forms of criminal activity. Of course, there is also the problem of the associates of these gangs. It is not just outlaw motorcycle gangs themselves: there are a number of associates of these gangs and they are increasingly visible on the streets of Adelaide creating problems. Again, we make no apology whatsoever.

Victoria can pursue its approach but, as minister, I certainly do not accept that the activity that police will be pursuing on outlaw motorcycle gangs will somehow or other create the problems they are suggesting. I think the comment from Victoria was that it will drive it underground. These motorcycle gangs might be visible when they are driving their Harleys around the street and wearing their colours, but their criminal activities are invisible. They do not go out of their way to publish their criminal activities. I think that what the initiative of this government will do is expose the contact between these groups—between their visible side and their very nasty invisible side of crime.

**Mrs REDMOND:** I point out that I had referred to a budget line in Budget Paper 3 at page 2.15 on the outlaw motorcycle gang, and the question that I asked—

**The CHAIR:** I dispute that Ms Nixon's views were in the budget papers.

**Mrs REDMOND:** No, but the lack of any additional money for 2008-09 for ongoing support for the outlaw motorcycle gangs—

**The CHAIR:** I will not enter into a debate with the member for Heysen—that is not how this works.

**Mrs REDMOND:** I will move on to the SAPOL headquarters. I refer to page 7 of the Treasurer's speech in the budget papers. He refers to the \$38 million which will be provided to relocate SAPOL headquarters. Can the minister provide a breakdown of how this money will be allocated within annual budgets from 2012?

**The Hon. P. HOLLOWAY:** We have a four-year budget cycle. I think it is a bit difficult to start talking about budgets beyond 2012. In relation to this particular project, we can perhaps provide some more information.

**Mrs REDMOND:** We are going to build a hospital in 2019.

**The Hon. P. HOLLOWAY:** Well, yes; we have to start planning for that now. Obviously, we need to bring this into the current forward estimate. The lease of the current police headquarters expires in February 2012, with no right of renewal. Obviously, the relocation of police headquarters remains a key component of SAPOL's strategy. The current accommodation for police headquarters has reached the end of its economic life. The building, plant and equipment are aged and inefficient; the service delivery from the current site at 30 Flinders Street has been negatively impacted by several building element failures; the incidence of building element failures is increasing in frequency, severity and operational impact; and the office fit-out will be 19 years old at lease expiry, and its layout is inconsistent with government office accommodation standards.

Obviously, remaining in that accommodation would generate some risk exposures regarding business continuity into the future. So, I do not think anyone could argue that there is not a case for moving police headquarters. That is why in November last year cabinet approved the extension of the police headquarters lease to February 2012, but for a registration of interest process for a leased police headquarters accommodation to be progressed, with a revised target date of 2012.

The Department for Transport, Energy and Infrastructure has advised that it would be prudent to obtain funding approval for the project before approaching the market to improve the likelihood of a market response. DTEI has advised that the relocation of police headquarters is achievable within the required time frames provided there is an approach to the market by mid-2008 through a registration of interest for accommodation.

Beyond that, I am not sure what specific information the honourable member wants. Clearly, until the results of that approach to the market by the registration of interest process are received, it would be difficult for the government to make any further comment.

**Mrs REDMOND:** In relation to the seeking of expressions of interest, what band of dollar value has the minister put on the rent of the building?

**The Hon. P. HOLLOWAY:** One does not go to the market with a fixed price in mind.

**Mrs REDMOND:** The range?

**The Hon. P. HOLLOWAY:** Clearly, what the government is looking for is new accommodation that meets the standards required but at the best price for government; that is why you have a registration of interest: you put the requirements of the type of accommodation you want, and you then look for the best price. That is the way it is done, rather than in reverse, where you go with a price and then look for accommodation. We have set the standards of accommodation, and it is then a matter of getting that at the best price for the taxpayer.

**Mrs REDMOND:** Which SAPOL functions will be brought together when the project is finalised?

**The Hon. P. HOLLOWAY:** I will ask the Commissioner to respond to that.

**Mr HYDE:** I think we are looking at something over 18,000 square metres. In our current police headquarters accommodation, we have something in the order of 13,000 to 14,000 square metres. We are looking for a much increased accommodation for other places, and one of those places is our offices in Wright Street, which essentially houses some of the prosecutors for the Adelaide Magistrates Court and also some parts of our Sexual Crime Investigations Branch. We have leased accommodation in various parts of the city where, because of the need for additional space, we have had to move to another location; for example, we have leased a number of floors next door to police headquarters to accommodate various staff. We are planning to bring all of

those together, so it will essentially be the headquarters plus 26 Flinders Street—which is more leased accommodation—and Wright Street.

**Mrs REDMOND:** When does the minister estimate that the building will be commissioned?

**The Hon. P. HOLLOWAY:** As I indicated, the lease expires in February 2012, so obviously we will need to have all this finalised for the police to move in well before that date.

**Mrs REDMOND:** Is there a clear intention to construct a new building, or is consideration being given to refurbishing an existing building? Is there a preference?

**The Hon. P. HOLLOWAY:** That is really up to the market. I am advised that registrations of interest to the market close in July, so it is out there. Obviously, a number of options are possible depending on the response to those registrations of interest.

**Mrs REDMOND:** I refer to Budget Paper 4, Volume 1, page 4.18. There is a general objective of the public order program to improve wellbeing through the provision of police services to the community. I have been advised that a private security firm has recently lost its contract to provide security services to a school on the West Coast, and that the Police Security Services Branch will assume this role. Will the minister advise what the government's policy is on competing with the private sector in providing security services?

**The Hon. P. HOLLOWAY:** The Police Security Services have a specific role to do that. The honourable member will probably recall that we put an act through parliament that set out the role and the objectives of Police Security Services. Obviously, there is a clear role in security for the private sector, and they will provide significant security services through the community at large. But the Police Security Services have a particular role obviously in relation to key assets. Most of that was set out in the legislation. Also, of course, the protection of individuals is important. I will ask the Commissioner to perhaps provide some further information on that, but I think it is set out in the act.

**Mr HYDE:** The Police Security Services Branch provides normal security services, such as visiting premises, patrol services, watch services, and things of that nature. There are some premises that are mandated because they come within the critical infrastructure requirements of the state. So, those premises are mandated to have that particular service. But with respect to other premises which other agencies, for example, might want to consider, having our security services provided is really a decision for them.

Historically, we have provided services to a large number of schools across the state, and that is really something that the Department of Education makes a decision about. We have not changed our approach in delivering those services, apart from improving them. Whether that then means competition within the market, I am not quite sure; that really is a matter that you would have to take up with education.

**Mrs REDMOND:** Has the government directed the Police Security Services Branch to compete with a private security firm to provide monitoring services to some 35 schools and 200 SA Water and United Water sites across the state?

**The Hon. P. HOLLOWAY:** We certainly have not given a direction to compete. There is provision under the act for the minister to deem certain key assets and, I think, individuals. The matter as to how that will operate is being worked through at the moment. Certainly, in relation to government assets such as schools, from the government's point of view when the Police Security Services were established it was understood that the agreement was that there was no preference among the agencies that pay for them and that it has to be a commercial arrangement.

**Mrs REDMOND:** Will the minister advise whether all government departments, agencies and buildings are required, under government policy, to appoint the Police Security Services Branch to provide alarm monitoring services?

**The Hon. P. HOLLOWAY:** I have indicated already that there are certain mandated functions, and how that might work is being examined now. There is obviously some critical infrastructure where Police Security Services will be involved. Of course, part of the act was not just to improve the training of those officers but also to give them additional powers that would enable them to better protect critical infrastructure and individuals. Apart from those mandated services, and I suspect there would be relatively few, the rest of it is really up to the agencies concerned.

**Mrs REDMOND:** Did the alarm maintenance contract awarded in 2005 by the Police Security Services Branch to Australian Integrated Security go to full public tender?

**The Hon. P. HOLLOWAY:** I will have to take that on notice.

**Mrs REDMOND:** Is there a government policy that they do not hire or contract ex-public sector employees for the provision of security services for at least two years after their ceasing government employment?

**The Hon. P. HOLLOWAY:** Is the honourable member talking about employees of Police Security Services who may have previously been working in other government sectors? I will ask the Police Commissioner for his answer.

**Mr HYDE:** I am not aware of any policy. What might operate here is whether or not there were any redundancy arrangements which limited the re-employment of public servants, but I am not in a position to be able to give an answer today on that. Certainly, I am not aware of any policies applicable to us.

**Mrs REDMOND:** I have one other question on that topic, which may need to be taken on notice. It connects to the previous two questions, the first one being about the 2005 contract awarded to Australian Integrated Security and the second about the employment of ex-public sector employees. The question is: how many of the staff employed by Australian Integrated Security are recent government employees from less than two years ago?

**The Hon. P. HOLLOWAY:** I would have to take that on notice.

**Mrs REDMOND:** I refer to Budget Paper 3, page 2.38, table 2.18. According to the respected international consulting firm Mercer, in its International Quality of Living 2008 survey, Adelaide is ranked the equal worst Australian city for personal safety. Cities safer than Adelaide include Dubai, Lisbon and Abu Dhabi. In their pre-budget media release titled, 'South Australia police to trial taser stun guns', the government admitted that spending on policing had not kept pace with CPI since it was elected. Table 2.18 is further evidence that, as a proportion of expenses, spending on public order and safety has declined since 2001-02. Has the government's declining commitment to public order and safety led to Adelaide becoming the worst Australian city for personal safety?

**The CHAIR:** I will let the member for Heysen know that the same rules that apply in the House of Assembly apply in estimates. That question is full of comment, up to its neck. Any chair would rule that out of order and make you ask it again, but given that I am a generous man I will allow it, but in future I think you should be aware that the standing orders of the house apply in here. If you ask loaded questions like that you will receive a loaded answer from the minister, so you should expect debate in the answer.

**The Hon. P. HOLLOWAY:** Indeed, there will be, Mr Chairman, because I think for a member of the Liberal Party that was in government when police numbers dropped to just over 3,400 in the mid-1990s to then try to suggest that this government is somehow or other responsible for that is outrageous and quite incorrect. The figures that I gave at the opening of this session point out that crime in this state has dropped by 18 per cent since this government came to office but that the police budget has gone up by 62 per cent. That is a 62 per cent increase over six years. It is a huge increase in resources. The number of police has increased significantly and will continue to increase. It will increase by another 400 over the term of this government. It was somewhere between 250 to 300 over the first four years of the Rann government. The budgets have gone up and the statistics show that.

I do not know what the Mercer index shows in relation to that. I am not sure how that is measured but I can say that all of the statistics that are kept by agencies in this country indicate that the crime rate in this state has gone down—and gone down significantly. That is absolutely indisputable. I think members opposite are trying to find anything negative about this government. I think the reason they do that is because they know that it is well recognised by the public of this state that we have significantly increased resources and we have improved legislation. We talked about the DNA laws before, which have made this place safer. There is nothing they can criticise us for so they have to go to some obscure index somewhere in the world to try to attack this government.

For every index like that, I can provide a dozen statistics (whether it is ABS statistics, Office of Crime statistics, or SAPOL's own statistics on reported crime) that indicate that crime in this community is going down. The other statistics show that this government has significantly increased resources and that the number of police who are being recruited has grown. I think members opposite, instead of trying to attack this government's record on law and order, should instead be congratulating the government on its achievements, because they are obvious to all.

**Mrs REDMOND:** I refer to the Capital Investment Statement, Budget Paper 5, page 19: Works in Progress—Christies Beach Police Complex. The original budget for this program was \$4.3 million. In this year's budget that figure has been revised to \$6.5 million. Will the minister advise what additional resources have necessitated this \$2.2 million budget increase?

**The Hon. P. HOLLOWAY:** I will ask Mr Patriarca to provide that information, but again I make the point that under this government we have provided whatever is necessary. We have given the police force not only greater numbers, which is the most important thing we do, but we have also bought new aircraft, we have bought new boats, there is new equipment, the police are being rearmed with the most modern weapons, and we have built a significant number of new police stations. There are new police stations at Mount Barker, Berri, Port Lincoln and a number of others.

**Mr Goldsworthy:** That was Liberal policy.

**The CHAIR:** Order!

**The Hon. P. HOLLOWAY:** So it's Liberal policy, but the thing is there were no dollars. Liberal policy—honestly! The fact is that under this government there has been a 62 per cent increase in budget and not only far more but hundreds more police on the beat, as well as all these extra facilities, including the most modern police stations.

Looking back, how many new police stations were built between 1993 and 2002? There were not too many, but I can tell you that we have built a significant number, not just the six that we built under PPPs, but also the police stations at Golden Grove and Aldinga, and of course there is the Christies Beach one. We are also building new police stations at Roxby Downs. Probably the worst police station left in the state now is at Murray Bridge, and we will replace that as well. So, I do not see how anyone can criticise this government in relation to the resources it has provided to police. As to the specifics of the question, I will refer that to Mr Patriarca.

**Mr PATRIARCA:** At Christies Beach the government originally approved funds for us to replace a group of transportables at the rear of the complex, which housed our prosecution people and which was really temporary accommodation. So, the original funding was for the incorporation of the people housed in the transportables into the main complex. At the same time, and as you would know, we have R400 additional police being employed, so we reviewed that program in terms of the impact of R400 on the Christies Beach complex. We also did some work on looking at the current state of the cells. So, when we had the concept designers in looking at how we would fit in the transportables it made good sense to also look at some cell remediation, because they have been there a long time, and to also adjust the accommodation so that it would be future-proof in terms of the R400 adjustments.

This year we sought, and have received government approval, to redirect some of the R400 allocation to accommodation and to address the R400 Christies Beach complex. As well, we are putting some money from our annual provisions into remediation of the cells, because they are not as functionally effective as they could be. As a result, you will see an increase in the program funded from three sources: the original approval for the transportables replacement; R400, for which we have been funded; and the reallocation of some money from the annual provisions to address cell remediation. That project is proceeding—in fact, we have the concept plans and they are just putting the brief together to go to tender for construction.

**Mrs REDMOND:** I refer to Budget Paper 5, the Capital Investment Statement, page 19, and note the new work on the information technology system for the outlaw motorcycle gang task force. On 19 May 2008 Premier Rann issued a media release stating that \$5.9 million will be spent over the next five years to provide the whole of SAPOL with a sophisticated IT tracking program. Will the minister explain the \$719,000 discrepancy between the figure given in that release and the figure that appears in the estimated total cost column in the Capital Investment Statement?

**The Hon. P. HOLLOWAY:** I would first like to make the comment that this government will provide significant amounts of money for dealing with not just outlaw motorcycle gangs but with all organised crime, and the money we have announced in this budget is a very significant component of that. We have already had questions asked about the various components of dealing with outlaw motorcycle gangs, and I have indicated that there will be 8.5 full-time equivalent additional staff in relation to that. We have talked about the investing program in relation to IT, and there are a number of components to that; I suspect the Premier's announcement referred to some additional costs in relation to dealing with those. Essentially, this capital cost is specifically related to the task force information technology system, but I will have to look at the statement.



The explanation probably is that it includes the extra recurrent money that went in there as well. It was not just the capital cost because there is some recurrent funding after all. You not only need the information centre but you need people ongoing to use it. That is possibly where the additional 8.5 FTEs come in. I imagine that cost would be something of that order; that is, the 8.5 equivalents at probably \$100,000 each (on average), which explains the discrepancy. I will check that out and come back. I expect that that is the total cost of operational, plus capital.

**Mrs REDMOND:** Given the urgency in acting on the increased crime perpetrated by outlaw motorcycle gangs, can the minister explain why only 6 per cent of the project's budget will be spent in the first year?

**The Hon. P. HOLLOWAY:** It is not just the budget for the information technology. Clearly, there are reasons why you cannot suddenly implement these new systems overnight. I will ask Mr Patriarca to explain that. I cannot allow the implication of the honourable member's question to go unchallenged; that is, we will be doing nothing about outlaw motorcycles gangs. There are a number of elements to that particular program. We have introduced at least seven or eight major pieces of legislation.

As I indicated earlier, the organised crime task force has increased its numbers to about 44 from the old Operation Avatar numbers of 20 or so. There has already been significant increases in the government's activity and, as soon as these laws are proclaimed in the very near future, life will get more difficult for outlaw motor cycle gangs. I will pass over to Mr Patriarca.

**Mr PATRIARCA:** The reason for the cash flow being low in the first year is that, before you can build computer systems for this type of function, the law has to be passed so that we can define what the requirements are in terms of the system specification for acquiring the software or building the software. The legislation has only just gone through. It takes time to define the requirements based on analysis of the legislation, how it is to be implemented, design the specification for the brief, do the market test, acquire a product (if it is available), and then build and integrate it into our core police systems. There is a lead time of at least 12 months before you start to engage in, if you like, putting the product on the ground and then rolling it out to operational police.

**Mrs REDMOND:** What is expected to be done about outlaw motorcycle gangs in the next 12 months, given that only 6 per cent of the IT information technology system is to be spent in the next 12 months? As I already pointed out, in Budget Paper 3, page 15, the outlaw motorcycle gang task force gets no money for ongoing support this year. What is the government's plan? Now that the legislation is through, what will be done about outlaw motorcycle gangs in the next 12 months?

**The Hon. P. HOLLOWAY:** We have already answered this question. The honourable member keeps coming back to it. The fact is that the task force dealing with these elements has been doubled in the past year. We have already anticipated the additional activity. There is the collection of intelligence. In a moment, I might ask the Commissioner to detail what is being done from an operational point of view. Clearly, no-one has been sitting on their hands. Obviously, the collection of intelligence in relation to the operation of these gangs is ongoing. Almost double the number of police officers have been involved in that.

Sure, the sooner we get the computer system up and running, the better that will be. That will greatly improve the efficiency of these operations, but it would be nonsense to suggest that nothing has happened. Perhaps I can ask the Commissioner to talk about that from an operational point of view.

**Mr HYDE:** There are many things happening under current operations, and we expect that our ability to be effective will be substantially improved by the raft of legislation which is under consideration. Some has been passed, some is yet to be proclaimed and so on. In terms of current operations, yes, we have virtually doubled the dedicated resources to deal with criminal gangs. When we talk about criminal gangs we are obviously including outlaw motorcycle gangs, but it is important not just to focus your attention on outlaw motorcycle gangs because we have seen the emergence of some other street-type gangs, which often have an association with outlaw motorcycle gangs. In addition, part of what we are concerned about with these gangs is their serious and organised crime, so we are dealing with serious and organised crime across the board.

We have doubled the resources to go into a dedicated operation, and for a number of years we were the only state with Western Australia to have dedicated operations targeting outlaw motorcycle gangs. Now Queensland and New South Wales have also committed to do the same thing and there is more of a national consistency in terms of operations. That is not always the case: Victoria has a different viewpoint, as alluded to earlier today. We are also having quite

significant operations with the Australian Crime Commission, and this links up the various states. We are talking about operations that affect a number of jurisdictions across borders, and so on, so operations are in place there. I am limited to what I can say as a member of the board of the Australian Crime Commission because there are strict secrecy requirements in terms of what I can comment on, but I assure members that outlaw motorcycle gangs and organised crime are very firmly on the agenda for that board and for the ACC and its operations.

The one piece of legislation that has been proclaimed at the moment is related to public order, and that was a piece of legislation that created offences around a riot, a fray and violent disorder. We have also seen the serious and organised crime bill passed, not yet proclaimed, because we are in the process of preparing for its implementation, and that includes finalising the regulations that go with that piece of legislation as well. I expect that to be ready to go and proclaimed early in July. When you look at the legislative program, a raft of measures are being considered and that was deliberately so from our viewpoint because we did not see that there was a simple answer to dealing with this type of problem, such as outlawing the organisations. We would simply see them manifested in different forms and you would not effectively deal with them. You need to look at their behaviour and try to address that.

You will see in the raft of legislation the criminal associations part has been important, as have control orders, declared organisations, looking further forward at unexplained wealth, drugs legislation, firearms legislation such as prohibition orders, and so on. Even the second-hand dealers controls are being considered from a policy viewpoint at the moment, and they will all start to have an impact in this area. We have a substantial commitment in current resources and, when we look at the results of the operations from the crime gang task force, we see significant levels of apprehensions, seizure of drugs and firearms and a whole lot of disrupting activity already in place. We would see that being more effective when all the legislation is passed as well.

**The Hon. P. HOLLOWAY:** Earlier I may have referred to an organised crime task force: I was referring to the crime gang task force.

**The Hon. G.M. GUNN:** The Commissioner indicated that there would be seizures of illegal firearms. Can he indicate whether these illegal firearms are being brought in from overseas? A few years ago I had the chance of having discussions in Brixton, an interesting place, with the senior police officer there and he pointed out the window and explained the problems they were having with firearms coming in from Eastern Europe. Most of us who are law-abiding firearm owners know the restrictions we have placed upon us, and it amazes me where these firearms are coming from.

**The Hon. P. HOLLOWAY:** That issue has concerned me. One of the points that was made during debate recently on the Firearms (Firearms Prohibition Orders) Amendment Bill was that we are trying to shift the emphasis away from the ordinary law-abiding firearms owner to deal with the illegal element. I think there has been a regime of strong regulation of firearm ownership in this country for some time but, increasingly, it is obvious that the problems are the result of firearms that are illegally manufactured, not just imported—although there is importation as well.

The whole point of the Firearms (Firearms Prohibition Orders) Amendment Bill was to shift the emphasis away from having police spend hours regulating firearms of legitimate users. It was to shift that emphasis in order to deal with the illegally obtained firearms because that is where the effort needs to go. That is where the crime is and more police effort should be devoted towards dealing with the criminal elements of firearms rather than in just pursuing regulations. That is not to say that police will not be ensuring that licensed firearms users comply with the law because, clearly, a number of firearms can get into the hands of criminals, and that is why there has been a tightening up over the past decade in order to keep firearms properly secured. We do not want lawfully obtained and licensed firearms getting into the hands of criminals, either.

There are a number of sources from which they can obtain them. We have done a lot in the past decade. It is tight in terms of our expectations of legitimate firearms owners keeping their weapons secure, but the emphasis needs to shift to deal with illegally manufactured firearms—and there is some evidence of that—and also importation.

**Mr HYDE:** In terms of firearms within the criminal community, a lot of them are handguns. Handguns have been tightly controlled in Australia, including South Australia, for many years.

**The Hon. G.M. GUNN:** So they should be.

**Mr HYDE:** The source of those handguns into this type of usage is from importation, which can come about by dealers either importing finished handguns or importing parts which are then used to manufacture handguns. At a national level, there has been concern not only with the police

commissioners but also within the ministerial council to ensure that we have good border controls in place to be able to deal with that.

One technique that was being employed was to simply import a lot of firearms parts which, by themselves, do not need to be registered, or at that stage did not need to be controlled, and then of course they manufacture a gun out of it which is then not one coming into the country in a controlled way.

Importation is one issue for us. The other is where handguns, in particular, are moved into the illegal market. You might recall that we had a significant robbery at Peterborough a number of years ago where several handguns were stolen. They started to turn up in all sorts of settings—mainly illegal settings—for a number of years thereafter. That is also of concern to us in terms of where these people get their handguns from.

Certainly, when we are talking about a lot of these people, they do not obtain them from a legitimate source; they come through illegal sources. Unfortunately, from time to time some firearms dealers—not the majority but, rather, a minority—are part of this process, as well, and that is why we need to regulate that part of the firearms industry closely.

**The CHAIR:** I would like to ask a brief question in terms of cannabis cultivation. I understand that energy retailers are reluctant to provide information about electricity usage in unoccupied houses or houses that have above average usage for police to look at. Is there anything that the government can do with respect to those privatised retailers, in terms of getting some sort of coordination with SAPOL, to crack down on the cultivation of cannabis?

**The Hon. P. HOLLOWAY:** Of course, one of the key elements in relation to controlling the main ingredients of cannabis cultivation—the high-powered lights and the carbon filters—is the bill which I think has gone through the lower house and which is now with the upper house. Obviously, the passage of that bill, which we hope will occur before the break, will help.

**Mr HYDE:** In terms of abnormal usage of electricity (which I understand is what the question was directed at) with respect to hydroponic cultivation, that sort of information is used by police from time to time. I cannot answer today whether or not there is any difficulty in obtaining the information from the suppliers. I can take that question on notice.

**Mrs REDMOND:** With respect to the outlaw motorcycle gang task force information technology system, can the minister provide a breakdown of annual expenditure for the life of the project? I realise he may have to take that on notice.

**The Hon. P. HOLLOWAY:** We will take that question on notice.

**Mrs REDMOND:** I will now ask the 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 staff numbers involved?

2. Will the minister provide a detailed breakdown of expenditure on consultants and contractors in 2007-08 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 will there be at 30 June 2008, 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 2006-07 for all departments and agencies reporting to the minister what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2007-08?

5. For all departments and agencies reporting to the minister what is the estimated level of under-expenditure for 2007-08 and has cabinet already approved any carryover expenditure into 2008-09? 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 sub-category 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 2008; and

- (ii) Between 30 June 2007 and 30 June 2008, will the minister list 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 2006-07 and 2007-08 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, will the minister list the total amounts spent to date on each project?

**The CHAIR:** There being no further questions for the Minister for Police, I declare that the proposed payments to South Australia Police and Administered Items for South Australia Police be adjourned until 1 July.

**DEPARTMENT OF PRIMARY INDUSTRIES AND RESOURCES, \$153,487,000**  
**ADMINISTERED ITEMS FOR THE DEPARTMENT OF PRIMARY INDUSTRIES AND RESOURCES, \$5,054,000**

**Departmental Advisers:**

Mr J. Hanlon, Acting Executive Director, Planning SA.

Mr G. Knight, Chief Executive Office, Department of Primary Industries and Resources South Australia.

Mr M. Williams, Manager, Budget Strategy, PIRSA.

Mr S. Archer, Executive Director, Corporate, PIRSA.

Mr T. Brumfield, Director, Finance and Business Services, PIRSA.

**Membership:**

Mr Griffiths substituted for Mrs Redmond.

**The CHAIR:** I declare the proposed payments re-opened for examination and refer members to the Budget Statement, in particular pages 2.18 to 2.19, and to the Portfolio Statement, Volume 2, Part 5, pages 5.15 to 5.17. I call on the minister to make a statement, if he wishes. I will then call on the lead speaker for the opposition to make a statement, if he chooses, and then we will go to questions.

**The Hon. P. HOLLOWAY:** I will make fairly brief introductory comments. At the outset I place on the record my thanks to Ms Bronwyn Halliday, who recently resigned after more than four years as Executive Director, Planning SA, for her efforts in leading the organisation. A significant number of important changes to planning occurred over the past four years, and I thank her for that. Also, I thank Mr John Hanlon from the Office of Local Government who has filled in as the Acting Director over the last couple of months, and he will continue in that role until a new executive officer of Planning SA is appointed.

Over the past two years the government has pursued a vigorous reform agenda for the state's planning and development system. Our achievements have included, amongst other things, ensuring greater transparency in development assessment by legislating for the majority of members on council development assessment panels to be independent, and we are the only state in Australia to have achieved that important reform. We have seen the introduction of new, speedier processes for rezoning through development plan amendments. We have seen the continued rewriting of development plans to the clearer, better development plan format.

We have had the completion of the first industrial land strategy for metropolitan Adelaide (which is now backed by a new Employment Lands Forum) to oversee the constant updating and expansion of the strategy. We have seen the expansion of the urban boundary to earmark an

additional 2,000 hectares of land for urban development and the piloting of a new approach to updating the planning strategy through the collaborative development of regional land use frame works in country South Australia. Despite those achievements, the government is not resting on its laurels. We are determined that South Australia will stay at the forefront of planning systems in the nation and that our state will be the most competitive place in Australia to do business.

That is why on 10 June this year we announced a further package of planning reforms to be implemented over the next 12 months and beyond. The planning reform 2008 package will create major economic benefits for the state. It will slash delays and costs for home and renovation approvals for families and for industry, and it will provide strong, sustainable direction for the future growth and development of Adelaide and our regions. I am sure we will be asked questions about those reforms today, so I will not go into much detail here. However, the reforms do include achieving faster assessments and approvals for the full range of residential home building matters from minor improvements through to major extensions and even new dwellings.

This will include expanding exempt development creating a new 'building consent only' category, streamlining merit assessment procedures and the introduction of a new Residential Development Code.

The code will apply to new detached dwellings, semi-detached dwellings and row dwellings (for example, townhouses) that meet certain conditions, such as height and setback requirements, and to alterations or additions to the same sorts of dwellings. A discussion draft of the code has been released for three months of consultation until 12 September 2008.

Put simply, if a proposal is of the right type, is in the right zone and meets the requirements of the residential code, planning consent must be issued within 10 working days of the application being lodged. I am sure that there will be considerable debate around the details of the new code. I welcome that and, indeed, that is why we have released a draft of the code for discussion purposes. I have no doubt that there will be changes as a consequence of those discussions.

To ensure that this debate and the eventual implementation of the code occur in a detailed and constructive way, the government has entered into a partnership with the Local Government Association. To this end, I am pleased to announce, consistent with the planning review, that \$500,000 has been provided to the Local Government Association to assist in the preparation and implementation of the rollout of the proposed residential development code and associated legislative changes. I am sure that this positive engagement will result in a better outcome.

The code is certainly not the only new initiative we are pursuing to guide the growth and development of Adelaide and our surrounds over the next three decades. A new 30-year plan for Adelaide will be developed over the next 12 months. It will cover the whole Greater Adelaide region, from the Barossa in the north, to Victor Harbor in the south and out to Murray Bridge in the east. This area covers 26 councils.

The plan will contain specific regional targets for population, housing and employment, amongst other things. It will be an integrated plan but one cognisant of regional differences. Each region will have its own distinct part to play in Greater Adelaide's future development. The new 30-year plan for Greater Adelaide will be developed through a series of seven regional partnerships with local councils, industry and state agencies.

As announced on 10 June, these key directions will include directing growth into selected transport corridors and new transit oriented developments, particularly along Adelaide's rail corridors to the west, north and south, as well as providing a guaranteed 25-year supply of broadacre land for structure-planned fringe suburban growth, including a 15-year zone supply at all times.

Achieving the 25-year supply figure will necessitate the fast-track rezoning of some land already within the urban boundary, including some of the land brought within the boundary in December 2007—indeed, including most, if not all, of the land brought within the boundary in December 2007—and investigations of new growth areas for inclusion within the urban boundary.

Structure plans will need to be prepared for all nominated growth precincts and other key sites, including TODs and fringe growth areas. These will include council and community involvement. Regional plans will continue to be developed for country SA, including master plans for large regional towns and cities. This is by no means the end of the reform package, although it is all I will cover here.

**Mr GRIFFITHS:** It is not my intention to make an opening comment, but I note that today's program states that the West Beach Trust and the Adelaide Cemeteries Authority are also included in this question line. Is that the program you have?

**The CHAIR:** Yes.

**Mr GRIFFITHS:** I confirm that it is not the intention of the opposition to ask questions on those areas.

**The Hon. P. HOLLOWAY:** We do not have those advisers here, and we would have taken most questions on notice.

**The CHAIR:** I have plenty of questions on the West Beach Trust, but I will keep them for another time.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 2, page 5.16 and the comment 'pledging support for the planning and development review'. I am advised that the total budget for the planning reforms is some \$11.9 million, and the breakdown is as follows: \$1.8 million in 2007-08; \$3.85 million in 2008-09; \$2.9 million in 2009-10; and \$2.2 million in 2010-11.

The above figures are for the completion of the implementation by 2011 and thereafter, I am advised, \$1.2 million each year for operating expenses. Minister, given that the review has recommended that Planning SA become a separate agency with a CEO appointed and a new level of management equivalent to executive director, how do you intend to allocate the \$1.2 million between these new management appointments, additional staff under the reforms along with any additional operations generated by those reforms?

**The Hon. P. HOLLOWAY:** The short answer is that we obviously want as much of that money as possibly can to go to the implementation of the new reforms, and that is really the key objective. The reason why the planning review recommended that Planning SA become a separate department was, I think, to ensure that the chief executive responsible for planning would have a seat at the table of other senior executive members: in other words, the planning review wanted to elevate the importance of planning within the government hierarchy and ensure that planning was really central to the operations of government.

It is the government's objective that, while there will be a new department, in the short term at least we will be entering into a service agreement with PIRSA. PIRSA will continue to provide the key services to the new department in human resources, financial management and so forth. It is the government's objective that as little of the budget as possible be spent in relation to the creation of a new department, but that the significant resources that have been provided by the government to Planning SA be used to employ people in relation to the planning review.

I think if one looks at those staff, while clearly there is an ongoing component that will be necessary for Planning SA after the next two or three years to continue the greater responsibilities that come out of the planning review, in the short term we do need some additional resources to assist in the implementation of those reforms.

That is why there is quite a significant increase in the budget in the next two or three years, and beyond that there is some ongoing support to increase the capacity of Planning SA. So, at this stage, that is I think a summary of where we are at. I will just ask Geoff Knight to perhaps add to those comments, bearing in mind that PIRSA is in the position of providing the services to Planning SA.

**Mr KNIGHT:** I think this is obviously a pretty important question, getting the right balance between on the one hand the need to create a stronger Planning SA within state government to ensure these reforms are implemented effectively, but inherent in that decision is a desire to avoid the creation of large bureaucratic structures, so we will be pursuing that once a chief executive is appointed to Planning SA.

That recruitment process is under way now. National advertising has commenced for that process and, as the minister indicated, in the first instance the PIRSA portfolio has been asked to continue to provide services to Planning SA of the kind that would otherwise have to be commenced from scratch in the new department, and we would expect that that would continue to ensure that economies of scale and those kinds of factors are exploited to their full advantage rather than going to the extra expense of recreating that sort of capacity.

In addition in any event, with the government shared services initiative well under way, PIRSA itself is in the process of transitioning much of its corporate services. In July and August this year, we are transitioning our accounts and payroll services so, regardless of this change, Planning

SA would be sourcing those shared services from a central location within government. I guess the answer is that the additional funding provided will predominantly go to implementation of the reform initiatives that cabinet has approved.

**The Hon. P. HOLLOWAY:** I should probably also add that part of the cabinet decision also recognised the fact that other agencies would need to be involved in some of the important work of Planning SA. In particular, in relation to the transit-oriented developments, we will obviously need input from Transport and we would be seeking perhaps some secondment or other arrangements with those departments because clearly, in terms of planning, Transport input would be critical and there would be other agencies as well that need to be involved in that. Rather than duplicating those resources we would be seeking to have the appropriate arrangements with those departments.

**Mr GRIFFITHS:** Can I just clarify my point, then. Minister, in your opening comments you referred to, I think, a partnership with the Local Government Association and \$500,000 being provided to assist them with the roll-out. Is that \$500,000 included as part of the \$1.2 million?

**The Hon. P. HOLLOWAY:** No, I think that is additional to that and, in fact, I have signed off the current agreements in the last 24 hours. That money will basically be handed over from the 2007-08 budget, as I understand it, so it probably will not actually appear in the budget papers. That is additional and that is really to facilitate the implementation of the code. It is specifically that part of the planning reforms that we need to work with local government to address, because they are obviously crucial in the success or otherwise of that program.

**Mr GRIFFITHS:** Again, as an extension of that question, Mr Hanlon being a previous local government CEO and myself holding a similar role in a regional area, I do recognise very importantly that planning at state level and at local level is critical to ensuring that the state's opportunities are maximised.

The dilemma that I have always seen in my previous involvement in local government was the inability to attract the skill resources required to actually implement opportunities: to assess developments within appropriate time frames, to ensure that development plan reviews were conducted at the local level as quickly as they could be, let alone within the resources of Planning SA. I am interested to hear your answer on what the solution to this will be, because local government has put enormous potential carrots out there to try to attract staff but cannot get the skilled people. Do you have a comment on that?

**The Hon. P. HOLLOWAY:** The shortage of skilled planning staff is a critical issue for planning. The shortage of skills across the community is an issue. I am told that some demographers have indicated that very soon, within Australia, we will see a situation where the number of people leaving the workforce will exceed the number entering the workforce. I am told that that will happen for the first time in centuries, basically since infant mortality issues were addressed in the 17<sup>th</sup> and 18<sup>th</sup> centuries.

We are facing some huge changes, and the issue of immigration comes into that, in addressing skills shortages. However, it is a problem right across the board. One of the benefits of the planning reviews and, in particular, introducing the residential code, is that it should remove the need for our better planners—and most of these are university-educated people—to be sitting there assessing routine development application forms and spending a significant amount of time on them. One of the hopes of these reforms is that it will release many of the planning staff to do the more strategic planning which they should be doing. We are hoping that will, at least, take the pressure off the need to get some of these staff.

The honourable member is quite correct: we have seen examples of musical chairs around local government in terms of getting planning people. It is an issue that obviously needs to be addressed at other levels. Certainly, the planning review—if the Residential Code lives up to its expectations—should at least reduce the pressure on planning professionals. Mr Hanlon may wish to comment.

**Mr HANLON:** I agree. Obviously, it is one of the key issues to the reform process: to ensure that we have the right people doing the right work within the system. There is no doubt that there certainly is a reduced number of planners working within local government at this time. Our intention (and what we have already been doing) is to work with local government and the Planning Institute of Australia to look at other ways of dealing with this matter, through the introduction of para-planners, that is, more administrative staff to pick up a lot of the work that can be done, which will now be a lot easier under the new reforms that are being put in place.

Part of the money that has been provided to the LGA is to work in relation to that, and with PIA in relation to that, to ensure (as the minister has said) that we have planning staff working on structure planning, significant planning issues, and not minor matters that can be substituted by using para-planners for activities within local councils. It will require a significant change to the way that we go about undertaking the activities of planning, but I think there is obviously a lot of goodwill between local government, Planning SA and PIA to ensure that we can achieve those outcomes with the reforms that have been put in place.

**Mr GRIFFITHS:** The development approval process certainly involves planning, but it is people like the assistant building surveyors who have to sign off on developments to ensure that they meet the Building Code of Australia and things like that, so it is the full spectrum of staff who are involved. We both know there are enormous challenges out there so I hope that, as part of the reforms that are being pursued by the government and the linkages being created by local government, every possible effort is made within workforce development planning and what you can control to ensure that as many people are put through the system as quickly as possible and that they have the skills required to be out there in the workforce.

**The Hon. P. HOLLOWAY:** That is not helped by the fact that I think Western Australia has recently been trying to recruit 180 planners. They have written to all the members of the Planning Institute seeking to recruit people to WA. The number I think they are after is greater than the entire workforce in Planning SA. That indicates the pressures within the labour market in the country at the moment. We will have to work within that to the best of our ability.

**Mr GRIFFITHS:** Too many of the baby boomer generation.

**The Hon. P. HOLLOWAY:** That is right. We need them to stay on a bit longer, too. That is another part of the solution.

**Mr GRIFFITHS:** I agree. My next question relates to Budget Paper 4, Volume 2, page 5.16: the pledge for support for the Planning Development Review. The opposition has become aware that a contract has been awarded to a Western Australian-based public relations consultancy company to do work throughout the implementation of the planning reforms. We were advised that the contract is valued at between \$2 million and \$3 million. Will you confirm the value of this contract, and has that sum been included in the budget for the implementation period?

**The Hon. P. HOLLOWAY:** It is definitely not that. I will ask Mr Knight to comment.

**Mr KNIGHT:** I will give the member the full information. We went to a selective tender process, including both local and interstate firms, to ensure that we had relevant expertise in this area. It was considered that, given the nature of the changes here—which affects not just what Planning SA does in its job but also planning within all councils—effective communication and awareness-raising was critical.

We have engaged a company that is helping us with communication. There is a consultation process (which the minister referred to before) around the code itself. It is my understanding that the contract size—and I will take on notice the precise amount—is in the order of \$60,000 for this financial year for the development of a communication strategy and also for the development of materials used to launch the consultation process. We have already released a document that is the basis of the consultation that will occur between now and September. There is no suggestion (nor is there a budget provision made) for expenditure of anything like that sum of money for communications.

**Mr GRIFFITHS:** Through you, Mr Chair, I seek clarification from Mr Archer then—

**The CHAIR:** No.

**Mr GRIFFITHS:** Through the minister then?

**The CHAIR:** Only through the minister, yes.

**Mr GRIFFITHS:** My apologies. In regard to the answer provided by Mr Archer, through the minister: we have heard confirmation of \$60,000 for the current stage, yet I think the answer provided was 'this financial year'. Will the minister confirm whether there is an ongoing commitment to use this firm's services, and what will be the cost incurred in 2008-09?

**The Hon. P. HOLLOWAY:** As I understand it, the short-term contract has been renewed. As Mr Knight has just said, some ongoing work will be needed in publicising this plan. In many ways, the introduction of a residential code will affect not just the 68 or 69 councils we have in this state but it will also obviously affect a vast number of people—anyone, really, who is building on a



property—so there will need to be significant consultation and education in relation to the rollout of this plan if it is to be successful. It is one of the most significant changes to planning in a long, long time and, clearly, we will have to put a lot of effort into ensuring that the public is aware of what the changes are and what they mean. So, yes, as it cranks up, we will need to spend reasonable sums, but not to the level of \$2 million to \$3 million as the member was suggesting. Perhaps Mr Hanlon can add to that answer, because he has been closely involved in the assessment of this.

**Mr HANLON:** A contract has been let on a short-term arrangement. What we are really doing is monitoring the need for further communications. Certainly, we have had discussions with a company from Western Australian about whether we need to extend it even beyond the next six months. It really centres around the point of time of getting information out to the community as to how much in the end it would cost us to get that information out, especially around the code and around changes to the planning system. Obviously, it is more about a community information process than anything else.

Obviously, once those changes to the code are put in place, it would be appropriate for us to do a significant amount of advertising in relation to what those changes actually mean and how people might go about the business of applying for any planning approvals, but at this point in time we have not made any commitment beyond our current arrangements with the contractor, and they were initially short-term arrangements. If there are any figures other than around the \$2 million mark, it would have been someone suggesting that, if you are going to do this much television advertising, it would cost you in the order of that amount. Clearly, that was not our intention, and it is clearly not what we see as what we would need to do in the initial stages.

The original arrangements and engagement of the company were about assisting us with the initial release of the planning information. I am due to have further discussions with that company over the next two or three weeks about whether there is a need to have any more involvement at this time or whether, when we release the code, we might establish another communications strategy in dealing with that. That would be done in conjunction with local government as well—we would jointly be saying: what sort of messages have we heard back as part of the consultation process, and therefore what sort of information do we have to get out there?

**Mr GRIFFITHS:** Again, I want to make a comment on the answers provided. I may have a naive assumption here, but I would have thought the most important person in the process was the consumer, that is, the person who intends to lodge an application. It seems to me that the consumer does not necessarily care about the advertising of it; they just want to make sure that the resources are put into ensuring that the system upon which their application will be considered is such that their application is assessed and approved as quickly as possible.

I understand the minister has provided details on the fact that he wants to ensure that local government is aware of the code, too. However, the consumer does not care about that: I think the consumer just wants to ensure that their application is assessed and they get approval within two weeks. So, why spend a lot of money (even though we have heard that only \$30,000 has been spent at this stage) on promoting it to the wider population when that is not the issue they should be worried about?

**The Hon. P. HOLLOWAY:** It is local government that will have to implement the code. As I am sure you are aware, local government is a central part of the development system in this state, and it is important that we get local government's full cooperation and, indeed, support in the development and finalisation of the code. That is the first stage; we have to decide upon and get local government's input and input from other stakeholders, for that matter. That is why the code is out there for comment until 12 September. We need that input, but we cannot really go to the consumer, I guess, until the code is finalised. Of course, there are some elements of the code that will need further development, in conjunction with government, and I am particularly talking about character here. If you read the planning review, you will see that there are arrangements which we need to negotiate with those councils, particularly the inner ring of councils in metropolitan Adelaide which have these character issues, and a lot of work is needed to develop that.

What has been spent in relation to the early part of the planning system is really to try to get the key features of the review out there and to ensure that we are in a position to have local government contribution towards it. That is why we have given half a million dollars to local government, because significant work has to be done by local government to develop the code. The \$60,000 or whatever amount it might be that has been spent is really pretty small when you think of the contribution we have given to local government to help it deal with the detail. However,

when we do get to the stage of informing the consumers, as you call them, then, clearly, we will have to put in a lot of effort, because consumers will need to know exactly what these changes mean.

**Mr GRIFFITHS:** I certainly accept the minister's answers to that, but I am not sure whether confirmation was given in answers previously provided by the advisers about whether the contract is with a Western Australian firm or a South Australian firm. Can I have some clarity on that point, please?

**The Hon. P. HOLLOWAY:** I will ask Mr Knight to provide the details. However, we do have mutual recognition obligations in relation to these things.

**Mr KNIGHT:** I approved, under my delegated authority, the initiation of a selected tender process, and we invited both local and interstate firms to bid for what was a small contract. So, we have let only the piece of work that has now been done (so, it was in 2007-08), and it was of the order of \$60,000 to \$70,000, as I have already indicated. The contract was let to a firm based in WA known as Mills Wilson. It has essentially completed its piece of work, and any further work we would need to do, in terms of rolling out this strategy, would be the subject of further tender processes. So, there has been no ongoing commitment made of any kind to that firm.

We had an evaluation panel that selected that firm, comprising representation from the state government, the local government sector and industry. That panel unanimously selected that firm on the basis of its track record in terms of experience with these kinds of announcements and developments. It had significant experience in the development area already and it was selected by, as I said, an evaluation panel that included not just state government representatives but also representatives from local government and industry.

**Mr GRIFFITHS:** In the answer just provided by Mr Knight he referred to a selective tender process. Will the minister confirm the number of firms involved in that selective tender process and how many were, indeed, from South Australia?

**The Hon. P. HOLLOWAY:** My advice is there were three firms.

**Mr GRIFFITHS:** How many were from South Australia?

**The Hon. P. HOLLOWAY:** I think there was one from Victoria, one from Western Australia and one local firm.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 2, page 5.16. I am advised that there are currently about 160 staff members within Planning SA. As stated within the steering committee's report, implementation of the proposed planning reforms will vest considerable responsibilities with the agency, not only requiring more staff but, arguably, a far greater level of expertise than that which is currently present within the department. Is the minister able to assure the opposition and, indeed, South Australia that a suitable level of expertise can be drawn to the department in time to implement the reforms within the three-year time span?

**The Hon. P. HOLLOWAY:** It is going to be a difficult ask, but one of the features of the Rann government is that it does set itself high objectives and it has a track record of generally achieving those. It will be difficult but we have to do this to keep up. Other states of Australia are not sitting still on their planning reforms. We have many positive features in our system, and I outlined them in my introductory statement, but we also have some deficiencies, and those were highlighted in the planning review.

Far more development applications go through the South Australian development system (per thousand people) than in other states, so we need to get a lot of those things out of the planning system. In many ways that will free up resources rather than actually costing them. Indeed, the whole thrust of the planning review is to achieve that. I think the average value of a planning application in South Australia is around \$50,000; in Western Australia I think it was over \$150,000; and in Victoria I think it was \$106,000, or something of that order, and those figures are in the planning review.

Clearly, our system is constipated, if you like, with a lot of small applications. If we can get the garden sheds, pergolas and the like out of the system, then that will release the resources for local government to employ them more effectively. Mr Knight might care to add to that comment.

**Mr KNIGHT:** Clearly, it is a challenge, because as was indicated before, other states are trying to recruit from the same pool of expertise that we are. I am very confident that what the government has announced here is a package that is probably broader and more comprehensive than what the other states are attempting; in fact, other states have already expressed the opinion

to both Mr Hanlon and myself that they are looking at the range of reforms that are being adopted here in South Australia with a degree of envy. It is a reasonably ambitious program, and I think that in itself will attract the best people to come here.

My experience in another part of our business, the mining side of the business, shows that we retain a lot of people working in our mining division because it is widely seen as the best mining department of Australia; that is what the industry constantly says. That itself is an attraction for the best people to work with us rather than in other states. We have a number of people in that area who, in fact, have come from industry or other states simply because they want to work in the South Australian context. Already we have had significant success in our early experience of attracting people.

In fact, I think I could comment that we were successful in retaining the services of Bruce Rippin, who was formerly a director of Multiplex, in South Australia to head up the exercise of developing the planning strategy, which is a key part of this reform. We were congratulated by industry for that because that was seen as a real coup, to have someone of the expertise and standing within the development industry that Bruce has. We have also recruited other people who have come from local government.

We are in that process now, and so we have engaged some external expertise to help us recruit the best people around Australia. We think that is an effective way to do it. We are not just sitting back whacking an ad in the paper and expecting people to knock on our door, because it does not happen that way any more. In fact the planning review itself indicated that it felt that the government had a legitimate role to try to increase the supply of professional planners.

I have to say, again, that there is a very good parallel with the mining part of the department in that we have played an influential role in getting Adelaide University to step up its efforts, and it has now been incredibly successful at not just getting its mining school back on track, but it is turning out a significant proportion of our graduates and is a dominant player in the national scene.

I think one of the challenges for Planning SA in its upgraded role as a new department is to set about the task of, similarly, trying to increase the supply of professional graduates in planning. As with most complex problems, there is no one solution. It is about: how do we make South Australia more attractive than other states? Critical to that, I think, is that people will want to work here because they see us as having an exciting and dynamic reform agenda ahead; that will attract people. Secondly, Planning SA will be working with universities here to try to increase the supply of graduates into industry; and, as I believe the minister said, the reforms themselves unlock a lot of skilled effort that is currently going into lower value things like fences, sheds, pergolas and shade sails. The reform itself will free up a lot of that under-utilised professional expertise.

**Ms CICCARELLO:** The member for Goyder received a lot of information from the minister regarding the planning review and, with your indulgence Mr Chair, I would like to make a comment and say that I disagree, because it is not just about people putting in an application and wanting to get it done as quickly as possible. In an area such as mine it is a very complex issue; you cannot have a broad brush for all local government because in my area, in particular, we have commercial, residential and heritage issues that make it a lot more complicated to get those approvals.

I refer to Budget Paper 4, Volume 2, the Portfolio Statement, Additional Information for Administered Items: Cash Flow Statement, page 5.44. I refer to the cash flow statement concerning planning and development fund grants and subsidies. Can the minister provide information on the Places for People grant received by the Adelaide Zoo?

**The Hon. P. HOLLOWAY:** I thank the honourable member for her question. The Adelaide Zoo has received a \$200,000 Places for People grant to help finance a facelift associated with the new panda exhibit. The grant will assist Adelaide Zoo's proposal for a major renovation, including relocation of the entrance away from the two Victorian era gates to the southern end of the gardens near Plane Tree Drive. The new entrance will not only provide greater space for the expected surge in zoo visitors due to the panda exhibit, but will also provide an opportunity to create a living gateway formed by specially selected plants. By moving the entrance to the southern end of the gardens, the Adelaide Zoo will be better able to cater for the surge in attendance expected with the arrival of the two pandas from China.

The relocation of the entrance will also provide an opportunity to return to the Parklands some of the space used by the zoo in Botanic Park, and hence the government's contribution. Relocating the new entrance to the most southern end of the zoo will also provide better safety and

security for zoo patrons, and ease some of the overcrowding as visitors queue from the main gate along Frome Road.

Adelaide Zoo was opened to the public on 23 May 1883. It is Australia's second oldest zoo, attracting 400,000 visitors a year. The state heritage-listed Frome Road frontage was built at this time, and it reflects a period when the zoo's visitors arrived on foot from the city (they probably caught the Popeye there, if they had a Popeye in 1883). Whilst proud of its heritage, Adelaide Zoo is one of the leaders in Australia in modern enclosure design, and that leadership is expected to be reflected in the new entrance and living gate. The redevelopment of the new entrance and perimeter fencing is due to be completed by 2009, with financial support from the government.

The latest Places for People grant for renovations and a new entrance has been funded from the planning and development fund, which means the Rann Labor government has now invested more than \$40 million in Places for People and open space grants to beautify South Australia and create and improve public spaces. I think this is one of the more interesting grants, and I am sure it will be greatly appreciated for increasing the open space in our parklands and also making that area of our state more attractive.

**Mr GRIFFITHS:** Mr Chair, may I make a brief comment? I would like to put on record my appreciation to the minister and the department for the Places for People project. Several communities within my electorate have benefited enormously from it, not just in the planning but in the implementation of those plans and the work they are doing. It is making an important difference to many communities, so well done.

**Ms CICCARELLO:** Mr Chair, I would like to make a brief comment as well.

**The CHAIR:** Why don't we all just go and give him a hug.

**Ms CICCARELLO:** Indeed, because, again, in an area like mine, which is one of the oldest settled areas in South Australia and which lacks open space—

*An honourable member interjecting:*

**Ms CICCARELLO:** The Kensington Norwood council was the oldest constituted council in Australia in 1863 and comprised the two villages of Kensington and Norwood. Next to the City of Adelaide, we have more heritage listed buildings than anywhere else—

**The CHAIR:** Order! Now the member is being disruptive.

**Ms CICCARELLO:** With regard to Places for People, it certainly has been great for our area because we do not have much in the way of open space; being settled so early it has been very difficult to find open space for people. So, I would like to thank the minister for what has been received; we hope there will be more in the future.

**The CHAIR:** Another first for estimates.

**Mr GRIFFITHS:** Again, I refer to Budget Paper 4, Volume 2, page 5.16. The report delivered to the minister by the Development Review Steering Committee does not appear to include either a program of completion dates or an urgency indicator for the recommendations that have been made. Can the minister advise how the 47 adopted recommendations are to be prioritised over the three-year period of implementation?

**The Hon. P. HOLLOWAY:** That is a pretty involved question. The honourable member would be aware that, in relation to the brochure the government put out, timetables have been set down for some of the key elements of that reform. In particular, we put out a draft code along with the planning review, and there is an implementation plan in relation to that. We actually do have a detailed implementation plan in relation to the code, and that was spelled out in the documents. We can go through that again, and I will ask Mr Hanlon to go through those details. Clearly, there are so many different elements from the planning review, and each has its own time frame.

**Mr HANLON:** It is a comprehensive document, and each recommendation may have four or five parts, which are interlinked, so there is no set answer to every recommendation being implemented by a particular time. Importantly, it is a three-year reform program and we need to implement the changes over that time. There have been set details for us to work to in relation to key aspects: for instance, a greater Adelaide planning strategy needs to be developed by June 2009, which equates to 10 or 15 recommendations in the report, so many of them feed off June 2009 for us to ensure we have implementation over a whole range of policy areas.

Obviously, around the development assessment reforms and the introduction of the code and exempt development, the recommendations are that, following consultation, the minister will

declare certain dates when it comes into practice. We are currently negotiating through that process at the moment. However, it is expected that exempt development will come into effect from 1 January, and we are putting everything in place for that to occur. Building rules consent and the code will come into effect from 1 March 2009. The full effect of the code needs to be implemented by September 2009. It does not all come in at one point because we have to negotiate with local government regarding character and what the local variations to the code will be, and we need to put in place a system for that to be assessed and allow for progressed implementation at that time. Those matters require different dates through the implementation period, depending on where we are at with that process.

Although the review does not indicate an implementation date for every recommendation, it certainly gives us a period to work within, and much of that is on the basis of our having appropriate consultation with local government and industry in that regard. Likewise, the reforms within the agency itself also have a process of implementation over a three-year period. When you are implementing any change program as we are talking of at this level, we would expect to see this not take full effect for 18 months to two years before we start to see those significant changes. We have a plan in place in the agency. The first part of that plan is the engagement with local government and industry leading towards the necessary legislative changes that must occur to allow for the implementation of much of the program.

Because the reform is so large, we have broken it down into three and six month periods, so we have to work towards legislative changes being ready for the spring session of parliament, which allows us to implement the rest of the changes. We are currently working on that. The first part is that we have an agreement with local government on a consultative process as part of the priority of change arrangements the government has, and that requires extensive consultation with local government. We have currently entered into that—it has commenced—and until it is completed we cannot implement any form of legislative change. There are a series of events, after which we start to implement the various aspects of the reforms.

In this situation we probably benefit from not having set dates to implement particular aspects of it, because it will depend on the outcomes of the consultations. Some of these matters will need to be referred through DPAC and LHAC for their advice, advice on to the minister and the minister to set a date for implementation following that.

**Mr GRIFFITHS:** By way of clarification, I understand that the adoption of 47 recommendations that are broad in nature and important for the future of the state is an enormous task, but within some of the information outlined by Mr Hanlon it appears that some internal time frames have been set. Are those time frames part of any publicly available document?

**The Hon. P. HOLLOWAY:** Certainly, those in relation to the code are set out in the booklet regarding March and September 2009 and how they fit in with the codes, so those dates are probably the key dates. Cabinet sets some time frames that it would like to achieve, but some of the most important changes we have are in relation to things like the urban growth boundary and so on, and the recommendation is that we get the 15-year supply done as soon as possible. When I announced the changes to the urban growth boundary last year I indicated in relation to those changes that we would consult with local government in relation to structure planning for some of those areas. That is well advanced in some areas and with a significant amount of that land we should be in a position fairly soon to announce the rezoning. In some other areas we may need to do more consultation with local government where necessary.

In relation to Planning SA, as Mr Knight mentioned earlier, processes are under way to appoint a new chief executive, and we hope that will be completed in a month or two, but in the meantime we will not be waiting around for that in terms of these other reforms. If you wish to refer to any one of the reforms, perhaps we could make a comment in relation to the time frame for that.

**Mr GRIFFITHS:** No, minister, I do not. It was more a general question. Again, I refer to page 5.16, Budget Paper 4, Volume 2. Recommendation 13 of the steering committee's report advises that the Land Management Corporation should become the vehicle for development of transit-oriented developments (TODs). I have been advised that cabinet has rejected this recommendation.

**The Hon. P. HOLLOWAY:** It is not so much that cabinet has rejected the recommendation, but that further work needs to be done on recommendations 13B and 46 in relation to the issue about whether the Land Management Corporation should become the lead project for management and the implementation agency for TODs. Further work is being done in relation to that. If he gets the opportunity, the honourable member should look at how Western

Australia and other states do their TODs, because they have specific authorities to do that. Clearly, for these TODs to work, land assembly is a key issue. Fortunately, we have some time in relation to the TODs, in that planning can begin straight away in relation to those matters.

The electrification of our rail system, clearly, is a key and necessary element for TODs to take place. One problem with our current metropolitan rail network is that, because it is a diesel network, people have not really wanted to live too close to that rail system because not only are the diesel trains noisy but also the diesel fumes are not particularly pleasant. Electrification will make living close to transit far more attractive than has been the case in the past, and I think that is the thing that needs to be stressed. It was not only the planning reforms but also the government's budgetary announcements in relation to electrification of railways which is a key element in making these TODs work.

That does mean that we do have at least two or three years (or longer) before the first electric trains are regularly running on our system. In relation to TODs, we can do a lot of the work involved with them; and, clearly, TODs will become a much more attractive proposition once electrification occurs. It is really a question of the role of the Land Management Corporation in relation to that. I think that corresponds to recommendation 46. The government is giving that further consideration and will discuss that further. Really, that is not in any way to reject the broad thinking; rather, it is looking at the issue of the appropriate way in which government should manage these TODs. Also, recommendation 46 looks at exactly what role the LMC should play. That is the issue the government is considering further.

**Mr GRIFFITHS:** I apologise if I have misconstrued some of the information. The minister referred to LMC, and I am sorry if I have misinterpreted some things, but if the LMC is not going to do it will there be some other form of growth area authority that is appointed to undertake that role?

**The Hon. P. HOLLOWAY:** That really is an issue that needs to be considered. As I indicated earlier, Western Australia does use a different model where there is a specific authority, although I understand that current legislation in Western Australia will bring those redevelopment authorities responsible for its TODs under LandCorp, which is Western Australia's equivalent of LMC. At present, I understand that each of those development authorities has its own legislation that sets it up. I do not think we should necessarily follow that direction but, clearly, we need to look at elements of that.

I have visited those sites in Western Australia, and certainly those authorities argue that they have local boards and they have members of local government on boards, and that, they argue, is an important part of their success. Also, they have a local presence. They have an office that is local and they have very good contacts into the community. I have no doubt that, to be successful with any TOD development, you must have a close and intimate relationship with the local community to make them work. There are a number of models, and that is what we will be looking at. Really, that is more an administrative issue.

It does not in any way detract from the key recommendations of the planning review in relation to the need for this type of development. It is rather an internal government one as to how best one can service those bodies, how one can assemble the land and whether it needs a separate authority or the LMC. That is something that government will resolve in the next few months, I would imagine.

**Mr GRIFFITHS:** The reason I asked for clarification is that, if a different form of authority is to be pursued, presumably costs will be associated with establishing that authority. Will that cost be accounted for as part of the funds that have been directed to planning reform or will it stand alone as a separate line?

**The Hon. P. HOLLOWAY:** The funding that has been provided in this budget, really, is to Planning SA to get on with the overall planning. The first dot point of recommendation 13B states:

Planning SA is being given the lead responsibility for identifying TODs, programming their roll-out, coordinating and preparing structure plans, coordinating other agencies and implementation tasks and working jointly with local government on broad objectives and land use priorities.

That recommendation is accepted, and part of the resources that are being provided will enable Planning SA to take that lead role in running them out. Rather, the second dot point under B about whether the LMC should become the lead project management is the issue the government is looking at. I do not think that would necessarily involve more funding.

**Mr GRIFFITHS:** I turn now to recommendation 10 of the steering committee's report, which relates to the increase of housing density along the TODs. Minister, can you provide

confirmation that the government will honour the commitment of 15 per cent affordable housing within these TOD opportunities?

**The Hon. P. HOLLOWAY:** As the government has a policy in relation to its 15 per cent affordable housing target, obviously it will abide by that target. It is part of legislation, but how it is built in will depend on the consideration of these TODs, some of which can cover a very large area. How one incorporates that within the development requires a fair bit of flexibility. However, the government's broad target is 15 per cent, and we do need to provide more affordable housing for our community.

**Mr GRIFFITHS:** Having teenagers myself, I am very concerned about whether they will be able to afford their first home in a few years.

**The Hon. P. HOLLOWAY:** I would have thought that the problem would be getting them out of the home! That is the hard part.

**Mr GRIFFITHS:** As mine are only 18 and 16, I do not mind if they are around for a bit longer. Should any profits be made from the sale of consolidated, rezoned or developed parcels of land on the TOD opportunities, will those profits, or a component of those profits, be allocated to affordable housing?

**The Hon. P. HOLLOWAY:** The second or third dot point of recommendation 13(b) states that a business model should be developed to capture the value created by increased densities and changed uses on government land, with the proceeds used for improvements to existing infrastructure.

The government is making a massive investment in public transport as part of these changes—something like \$2 billion over the next decade. That is a significant contribution by government, and clearly the government will need to finance that development. If, as a result of these massive investments in public transport, we increase the value, it is important that we make sure that we get some return. However, that is really something that will need to be examined by government going forward.

**Mr GRIFFITHS:** I refer to the same budget reference. I am certainly aware that the government has supported 47 of the 50 recommendations. One of those recommendations is to restructure Planning SA and includes the appointment of a CEO, and we have already spoken briefly about that. On 12 June, at a Property Council luncheon, the Treasurer implied that the culture and habits within Planning SA were a major cause of the failure of South Australia's planning system.

Minister, do you concur with the Treasurer's statement, or do you believe that the majority of South Australia's planning problems have been caused by a lack of state government resources and a general ignorance in the past of the need for planning reform?

**The Hon. P. HOLLOWAY:** I was not present at the Treasurer's address, so I am not sure in what context he made those comments. If he wishes to explain his comments further, it is really up to him. I can give only my perspective, that is, that certainly in the past there have been issues in relation to Planning SA's effectiveness, and that is clearly part of the recommendation in the planning review. I think many of those issues have come about because Planning SA has, historically, been attached to a number of other departments.

I think the recommendation to make urban planning and development a separate department will clarify that and give Planning SA a more clear-cut status and role within government. In relation to the contribution made over recent weeks to work on the code and so on, Planning SA has put in an enormous amount of effort, and I can only compliment the people of Planning SA for the work they have done.

What has come out of the relevant studies in relation to Planning SA is that it really has done a very good job in relation to its assessment role and, in terms of processing development plans and its major projects division, it has performed very well. I think where the weakness lies (and perhaps this is what the Treasurer was referring to) is that, in relation to planning development, Planning SA has not been as strong as it should have been. Of course, that is one of the reasons the Treasurer has agreed to put in the extra money—so that we can beef up that part of Planning SA to implement these reforms. I think that any comment in relation to Planning SA needs to take that into account.

I certainly make no criticism and, indeed, I am quite complimentary about the role Planning SA has played in helping us follow through from the planning review report. Much of the work that

has been done in relation to the residential code and the refinements to it which we have issued for discussion are the result of a lot of hard work by some skilled people in Planning SA.

**Mr GRIFFITHS:** I think it is fair to say that the Treasurer expresses views on a lot of things in life that many others would not. It is interesting to read in *The Advertiser* comments made by him that day, when he stated, 'But even after we had done the report, before we had even decided, there was an attempt—

**The ACTING CHAIR: (Ms Ciccarello):** Member for Goyder, I am not sure that these comments are in order. I have been indulging you, but I do not think that I can any further.

**Mr GRIFFITHS:** We will move forward. I refer to page 5.8 of Budget Paper 4, Volume 2, the 2007-08 highlights and to the implementation of legislative reforms to improve the assessment process. Minister, what do you estimate was the cost of investigating and implementing these legislative reforms?

**The Hon. P. HOLLOWAY:** I do not think there is any additional funding provided, so it has been done within the existing resources of the department. I am not sure whether the honourable member was really referring to it overall. Obviously, it has had an impact on local government as well, but I think we did provide some assistance from within the existing budget to some councils in relation to regional development panels, if I recall correctly.

There are a number of changes to legislation. I assume the honourable member is just referring to the key ones about the independent development assessment panels. I think from existing resources we did provide some assistance to some local councils in relation to regional panels which had some difficulties in regional areas to just cover the costs of conference facilities and the like.

I do not know whether the honourable member specifically wants that sort of information. If you can be more specific, we can seek to obtain that information. Otherwise my answer would just be that we absorbed most of that within existing resources.

**Mr GRIFFITHS:** I do note that it is a fairly broad question but, certainly, the last dot point for 2007-08 for Urban Development and Planning talks about 'implementation of legislative reforms to improve the assessment process in this past year 2006-07'. It leads on to my real question: given the timing of the Planning and Development Review, does the minister feel that the legislative reforms that were enacted in the current financial year would have actually been better included as part of the review that has just been undertaken?

**The Hon. P. HOLLOWAY:** We have to move forward all the time. After all, those changes to the development assessment panels came out of the old sustainable development bill that I think my colleague the member for Taylor introduced or was about to introduce back in 2004. I think they had a history going back even before that, if I recall; there were development assessment panel recommendations on the sustainable development bill. It has had a long gestation period, and it is important that we implemented some of those changes and, as I said earlier, the fact that we have independent development assessment panels gives us an advantage over other states.

Other states such as New South Wales are trying to implement those sort of reforms, and I think that is where our planning system is held up as being an exemplar. I do not think we should have waited around in relation to those changes but, clearly with planning, one thing that has become obvious to me in my time as minister is that you cannot afford to sit still. Every other state in Australia is looking at its planning system and seeking to improve and change it. We have almost a regular procession of ministers coming to look at what we have done and ministers going to other states studying innovation in planning. More than in any other portfolio that I have held, there is that sort of interchange, because it is a very dynamic area, and every state is striving to get an advantage, which is why we need to make sure our system is the best in the country.

We will be continually upgrading it. In relation to the success or otherwise of that development assessment panel initiative, we intend to do some review of that. All the anecdotal evidence I have had is highly supportive of that initiative. There have been just a few concerns expressed in some areas as to whether some appointments have tended to weaken the independence. The honourable member will be aware that, when I introduced the legislation, it was the opposition that rejected the minister's power to veto appointments to those assessment panels. Whether or not we need to revisit that issue is something that we will look at in the near future when we have an assessment.

I know that, individually speaking, the members of the Development Review Committee have been highly complimentary of those particular parts of the development assessment changes,



and I am sure that somewhere in the report here it is recognised that certain changes that have been made to our planning system have been very positive. It is a very frank assessment in that planning review as to the strengths and weaknesses of our system. I think we need to be very frank; it does have weaknesses, but it also has strengths, and what we need to do is build on the strengths and correct the weaknesses.

**Mr GRIFFITHS:** Referring to page 5.16 of Budget Paper 4, Volume 2, I note that the 2008-09 budget period allocations in comparison to the 2007-08 allocation is an increase of \$2.3 million. I am further advised that in the budget overview some \$1.6 million of this has been allocated to the improvement of the planning system. Can the minister actually provide details on how a rather modest \$700,000 worth of additional money is to be allocated to initiatives within the department?

**The Hon. P. HOLLOWAY:** For a start, you need to consider that what you are looking at is the net cost of the sub-program. It is probably easier to actually look at the actual expenditure on programs. If one looks at the 2007-08 budget, the allocation of total expenses for the department was \$18.68 million. This year in the budget it is \$22.26 million, and I think one gets a better picture of what is happening in the portfolio by looking at the difference between the total expenses from Planning SA rather than looking at the net cost.

**Mr GRIFFITHS:** My next question is about an issue which I know is dear to the heart of the member for Stuart. Again, it refers to page 5.16, sub-program 2.2, the Office of the North. This still appears in the budget, as does the Office of the North-West and regional ministerial offices. Does the inclusion of these subprograms in the budget mean that there is a possibility of their commencing again or is it purely to get it off for the accounting period?

**The Hon. P. HOLLOWAY:** Yes. Their presence simply reflects the fact that on budget lines we look at the budget going forward—that is, for 2008-09—and we look at the budget for estimated results for the financial year we are in currently (2007-08), and then we look at the actuals for the year before (2006-07), so it is simply there to show what the actual was in 2006-07. Clearly, those agencies did not exist during the current financial year and will not exist in future years. They are simply there to provide completeness for the budget about what was spent back in 2006-07. Of course, they will disappear from the budget altogether next year.

**The Hon. G.M. GUNN:** That might be a good thing.

**Mr GRIFFITHS:** Again, on page 5.16 of this same volume—

*Members interjecting:*

**Mr GRIFFITHS:** We are distracted, but it is an important issue, so I am pleased that the member for Stuart has expressed an opinion about it. I refer to the objective in providing direction, advice, assistance and information on a range of development proposals. I have a question regarding major projects which were declared during 2007-08. Will you please provide me with details of how many were given that status?

**The Hon. P. HOLLOWAY:** We have a number of major projects. They are all, I think, on the Planning SA website showing their progress. In relation to 2007-08, the proposals declared as major developments include the Buckland Park residential development—

**Mr GRIFFITHS:** Do you have an approximate value of the development as part of that information?

**The Hon. P. HOLLOWAY:** There are a number of stages in relation to Buckland Park and there has been some updating. What regularly happens in relation to major developments is that there will be changes along the way as the planning for those projects continues. I can certainly give you information in relation to those which are finished.

There are 12 major developments that are currently being assessed through the major development assessment provisions. I will list the proposals currently approved and/or being constructed. The Cape Jaffa marina with a development cost estimated at \$39 million. The Ceduna marina project was granted approval by the Governor on 15 December 2005. The proponents addressed a number of reserved matters relating to layout and operation and presented it in the form of an amendment to the EIS. The exhibition period lapsed on 31 January and the submissions have been referred for response to the proponent. That development cost is estimated at \$45 million.

There is the Bradken Foundry expansion, the proposal having been approved by the Governor in December 2007. The estimated development cost of that is \$40 million. There is

Hanson Bay, of course, which has just opened in the last month or so. That proposal was approved by the Governor on 19 December 2006. The estimated development cost there was \$8 million. These are the ones which have been approved and/or are being constructed and, in some cases, even completed.

Proposals currently declared as major and in the assessment process include the Mannum marina where the guidelines were issued for the EIS on 7 December 2005. The EIS was completed and is currently being assessed. In fact, we expect a decision on that one very soon. The development cost for that one is \$14 million.

Of course, there is the Olympic Dam expansion, the EIS guidelines for which were issued on 13 February 2006. That EIS is currently under preparation. The development cost is many billions of dollars. Narnu Waterways guidelines were issued for an EIS on 25 September 2006. The EIS is currently under preparation. Again, there have been some amendments to that. Development cost is estimated at around \$50 million. A development application for the Port Wakefield marina was lodged on 2 May 2007. The project could be anything up to \$1.5 billion. That is currently awaiting some determination in relation to land ownership and native title issues. The Buckland Park County Township development application was lodged on 25 May 2007, and guidelines for an EIS were issued by DAC. Again, there was some amendment to that, if I recall correctly. The development cost, as a nominal figure, is \$200 million.

The Stansbury marina was declared on 1 March 2007 and guidelines for an EIS were issued by DAC. Development cost is estimated at \$10 million. There is, of course, the O'Connell Street development (the old Le Cornu site), which was declared on 1 May 2007. Guidelines for a development report were issued by DAC and a response to submissions is currently being prepared. Again, I would expect that one to be finalised very soon. Development cost was estimated at \$79 million.

There is the North Plympton shopping centre (almost across the road from the member for Ashford's office) on the old Highway Inn site. That was declared on 24 May 2007. The guidelines for a development report were issued by DAC. The development cost is \$25 million. The Victor Harbor commercial and residential development was declared on 29 March 2007. The development application was lodged on 25 January 2008. The estimated cost of that development is \$60 million. There is also the AAMI Stadium lights, which were declared a major development on 8 February 2007. An assessment report is currently being prepared. The development cost is estimated at \$5 million. Proposals currently declared as major but awaiting application include the Jurlique expansion of company facilities at Mylor, which was declared on 29 November 2007, with a development cost estimated at \$13 million. That project is in a water catchment area, so it needed close environmental scrutiny, but that has not happened because they are awaiting the application; and the Port Stanvac Desalination Plant, which is the construction of a permanent facility on the Mobil site at Port Stanvac, which was declared on 17 April 2008, with a nominal development cost of over \$1 billion.

**Mr GRIFFITHS:** I am grateful to the minister for providing that information. However, there are questions asked in the community about the reasons some projects are declared to have major project status and others are not. To me, there does not seem to be any clear identification as to whether it is because of its dollar value or its location. As part of your consideration of major project status, do you consider local government to be best placed to be the determining body in relation to consideration of the application, or does it have to rest with the state?

**The Hon. P. HOLLOWAY:** That particular section of the Development Act provides that it really has to be of major environmental, social or economic significance to the state and, essentially, it is up to the minister to determine that, and I have mentioned one case. It is not just the dollar value and their particular reasons. If one looks at the AAMI Stadium lights, there had, of course, originally been a royal commission into the establishment of those lights. So, because of the history of that issue, it seemed to make sense to make that a major development, even though the project value was relatively low. In relation to the Jurlique expansion, it is in a water catchment area and there are environmental issues.

The declaration of that major project status will obviously depend on whether, in the minister's view, there are those major environmental, social or economic matters that need to be considered. But the Planning Review, in its recommendation 40, looked at this issue and made some recommendations, and I refer the honourable member to recommendation 40. There is this issue about whether you announce them. You certainly do need the flexibility because there will be issues that need to be assessed.

Another case might be the capacity of local government to make the assessment. I know some members of parliament (the Greens, for example) have criticised the government for not giving certain projects, such as the pulp mill proposal, major development status. It is a question, I guess, from the government's perspective, about whether local government has the capacity to make that decision, because if it is properly zoned and it is a complying development within that zone and if local government supports it and believes it has the capacity, presumably the minister would take it out of the hands of local government if there was a belief that there were issues that would not be adequately addressed. In relation to that pulp mill, there are other means of addressing those environmental issues.

If one looks at the Planning Review, recommendation 40 'A new policy for state significant development' really canvasses many of those issues, and the government will be supporting those arrangements. I could read it but, if anyone is interested, it is probably easier for them to read recommendation 40 and they will see the suggested changes. In some ways, they actually argue that the minister should have more flexibility, but they are also suggesting that state significant development should be defined, as follows:

...as matters affecting the economic, social or environmental interest of the State or regions. This should be tied to whether the project will be a major contributor to economic development and the targets contained in South Australia's Strategic Plan and the Regional Plan for Adelaide.

It goes on:

A policy (non-statutory) should be developed that clarifies and specifies the types of projects or developments that are of importance to the State Government.

I think the honourable member is referring to recommendation 40(b); and, yes, we will develop that non-statutory policy to clarify and specify the types of projects where major developments will be called.

**Mr GRIFFITHS:** One area of projects that has intrigued me that are not part of the list you provided earlier are things like the wind farms. I know from my own experience that, as a member of a council, we considered three applications and approved them in some form. However, the one that has been built was a \$165 million development and that council spent an enormous amount of time, within its own resources, considering that application. You could argue that, yes, there is a significant level of fees associated with a wind farm development but, after seeing the effort that goes into it, it is certainly not a profit-making enterprise for a council to consider a development of that scope. No doubt, other regional councils which have had to consider that type of development have had similar difficulty. Has any thought ever been given to including wind farms as major projects?

**The Hon. P. HOLLOWAY:** In fact, if the list was comprehensive, it should have included a major project for the wind farm at Sellicks Hill. I think it has been deferred for some time, but I am pretty sure that is a major project; in fact, it should be on the list. I am not sure why that was left off the list; probably because it has been deferred for so long. But that, in fact, is another example. I am not sure whether or not other wind farms have been included. We will check that out and, if there are any, we will supply that information on notice. I am certainly aware that the Sellicks Hill wind farm is one of them.

I think the point the honourable member raised is legitimate. Obviously, councils differ in their capacity to assess these types of projects. If any council came to the government and said, 'Look, we don't have the capacity to do this because of its size,' I am sure the government, if it was satisfied that was the case, would declare it a major project to enable that sort of assessment to be done. So, I do not really think that is an issue.

In relation to the fees associated with these projects, they are not so much meant to be a profit-making exercise, but it is appropriate that the fees that apply to these projects should adequately cover the assessment costs. That is why there has been an adjustment to the fees in the past 12 months or two years to ensure that we do adequately recoup the costs, because the assessment of some of these projects can be quite massive.

A classic case of that would be the Olympic Dam expansion, where the government has allocated, I think, \$1.5 million to a special taskforce to look at all the issues raised by government, not just the assessment under the Development Act but also the broader implications. Fees are important, and it is appropriate that they should reflect the costs actually faced by the assessing authority.

**Mr GRIFFITHS:** One of the general objectives of the reforms as stated by the steering committee is to drive sustainable economic development. I am wondering whether the minister will give an indication as to how much additional revenue he estimates will be generated by increased development stimulated by the reforms for each year through the implementation process, and will this additional revenue be injected into the associated programs?

**The Hon. P. HOLLOWAY:** One of the issues that we had a look at was that if you are taking things out of the planning system then, of course, there could be a reduction in revenue. One of the things the government was keen to do was to ensure that in relation to the code, for example, we do have some revenue neutrality, because if you want local government support for these reforms it is important that it should continue to receive revenue. I think you will see that somewhere in the key recommendations; I am not sure which one it is, offhand.

Clearly, it is important that we protect the revenue base for local government in relation to these assessments. There should be significant savings to the community as a whole, and the planning review uses a KPMG figure of about \$4.5 billion or \$4.9 billion over, I think, a five-year period in savings to GSP as a result of speedier decision-making. It was important that we ensured that, in doing this, local government was not caught on the hop by being out of pocket in relation to these changes.

We have not assessed the impact of the reforms yet. We will certainly know that after the 12 months. Obviously, we have been able to assure local government that it will not be out of pocket as a result of any of these changes, even though it will release planners, but we want to make sure that it does not have to cut its resources accordingly.

A renegotiation of fee structures will be part of this because clearly the system has changed, but I think we are looking essentially at revenue neutrality in relation to the operations of local government planning systems. The savings to government and the community will come from a better system and the saving in time, That is where the huge benefits will come.

**Mr GRIFFITHS:** Sorry; what was the quote on the gross state product figure?

**The Hon. P. HOLLOWAY:** It is actually quoted in the planning review report. I ask Mr Knight to comment on it, and I will get the exact page reference.

**Mr KNIGHT:** I think we have indicated publicly, as part of the launch, that as part of the review process we have engaged KPMG to properly assess this, so it was seen as independent from government. KPMG undertook an iteration of the general equilibrium model of the economy, and that generated the figures that have been cited as part of the release of the report. It is also worth noting here that one very strong feature of the recommendations—in fact, it is recommendation No. 1—is that methodology which was implemented by KPMG for the government, and as part of the contractual arrangements with KPMG we have now got the capacity to repeat that modelling from time to time.

The recommendation clearly is that that would be done on a regular basis. That modelling would be conducted by DTED and overseen by the Competitiveness Council. Clearly, this is a big contributor to the government's red tape reduction targets. It is seen as having favourable effects on the economy as a whole, in terms of a sustainable increase to GSP and a reduction in the costs of building and, therefore, improvements in terms of land supply and affordable housing. Recommendation 1, I guess, is about making sure that we test that regularly to ensure that the system, whether it be the state part of it or the local government part of it, does not slip back a notch over time. So, that is going to be re-assessed. The government has accepted that recommendation and there will be oversighting of that by the Competitiveness Council.

**The Hon. P. HOLLOWAY:** The reference is: Executive summaries, page viii. It states that gross state product will rise by up to 1.51 per cent or \$4.9 billion over five years. They are KPMG figures. The government has not verified those or anything, but even if it was half of that figure I would be happy.

**Mr GRIFFITHS:** I am referring to page 5.16 of the same budget paper and the performance commentary. The commentary states that new processes for amending development plans were introduced in 2007-08. Will the minister confirm how many council-initiated and minister-initiated development plan amendments are currently awaiting approval?

**The Hon. P. HOLLOWAY:** It is sort of a rolling total; they come in at the rate of one or two every week or so and they go out. I am advised that the data is current as at 30 April. So they are not really current now, because they come and go every week.

At present there are 132 active development plan amendments in the system. Of these, 15 are at the approval stage and an additional 32 statements of intent are being considered to commence new DPA processes. In the previous financial year, 2006-07, 46 development plan amendments were approved, and the total approvals for the 2007-08 period are estimated to exceed the previous year's total by approximately three. For the 2007-08 financial year, three ministerial DPA processes were completed, taking an average of 11 months and a median time of 10 months. The time frames continued to improve from the previous year, where the average time frame was 14 months and the median 11 months.

For the same period, 33 council development plan amendment processes were concluded, taking an average of 28 months and a median of 23 months. These time frames are also an improvement on the previous year's time frames of an average 32 months and a median 27 months. That is still well below what we need to achieve in relation to the planning review recommendations.

The improvement in the time frames is associated with the continued refinement of improved project management practices. Planning SA has continued to work with policy planners in councils and consultancies on time frames and, in particular, a practitioner's guide has been established on the Planning SA website to assist in this process. The guide assists practitioners in explaining key processes, statutory requirements and suggested actions. The recent legislative changes will offer more streamlined and accountable practices for these processes, including reporting on time frames in a shorter process (which we call process C) for simple amendments. That was part of the amendments we introduced in, I think, 2007.

The Better Development Plan project will also facilitate faster amendment processes by having a clearer structure and a standard suite of policy for inclusions in the plan. I should also say that both average and median time frames are measured because there are a small number of very large and complex DPAs that take longer than most—and I suspect Olympic Dam would be a very good example of that, although I guess that is really more an EIS than a DPA. However, it makes the point by analogy. The time frames for council DPAs can, in part, be attributed to finalising a number of DPAs that have taken several years.

We have been steadily bringing down the time frames but we still have a reasonable way to go. However, as a result of the planning review recommendations (once they are implemented), as well as the Better Development Plan and processes, I believe we will achieve it.

**Mr GRIFFITHS:** I acknowledge the information provided by the minister. As an extension of that, and given the improvements intended to be undertaken, has some form of target been put on the reduction in time to approve these over the coming period?

**The Hon. P. HOLLOWAY:** The planning review target is 12 months; that is in there. One of the ways we can do that is with 'stop the clock' because, as it points out in the planning review detail, 'stop the clock' processes have, arguably, been used in some areas more frequently than they should have been. I think the recommendation is that there should be just one 'stop the clock' opportunity. Recommendation 38 is really about the monitoring process. Geoff was a member of the planning review, of course, so I will ask him to contribute.

**Mr KNIGHT:** There was quite a bit of discussion around the review committee regarding not just getting it right now, but making sure that was maintained. Whilst Planning SA has been collecting information from councils for some time following the earlier legislative changes, they have not yet resulted in the publication of information to the general public about performance of planning authorities. In terms of the recommendation that Planning SA should produce and release that, we were very attracted by the style of report produced in New South Wales and believe it is a good example. I guess it gives ratepayers and those interested in the performance of planning authorities, including state and local government, access to information about how their authorities perform. The recommendation was that the report should be publicly available within six months of the review being complete and then released every six months, and that within two years that be done on a quarterly basis.

Behind that recommendation was, I think, a view that better electronics systems would be in place between local government and Planning SA. Obviously we do not want to create a lot of red tape around this, so eventually that will be an electronic workflow and it will not be an administrative burden on councils and Planning SA to produce those reports on a regular basis. When we reach that point it will be quite easy for stakeholders—including ratepayers, builders and developers—to assess the relative performance of councils and Planning SA regarding the planning system.

In relation to DPAs, the review recommended that further work was needed, because it expressed the view that a target of 12 months ought to be achievable. The data to which the minister referred earlier showed that, while ministerial-initiated DPAs are, on average, being done in periods of less than 12 months, the average time taken for local council-initiated DPAs is about twice that long. If you are a bit of a statistician, the reason we cite both the average and the median is that the difference between those figures reveals the fact that there is often a very long tail. So, quite often the median figures are better than the averages, because the averages contain the arithmetic impact of quite long tails—and some of those are on the books for years and do not get progressed. They are simply left there and are not being actively worked on.

So, the review recommended 12 months, and Planning SA has been asked to consult with local government on how that 12-month time frame can be achieved from the point of instigation of a DPA through to an amendment being complete.

That was seen as quite a critical part of the reform program. Planning SA will be expected to initiate that work in consultation with local government. It is not something Planning SA can do in isolation from councils because, whilst the review incorporates things that will certainly have a big impact, as the minister mentioned there is, for instance, a reduction in the number of 'stop the clocks' that can be exercised; standardisation of the information proponents have to provide councils in the first instance; and the state government itself streamlining the referral process so the review incorporates recommendations to dramatically reduce the number of what is seen as unnecessary referrals.

The data was something like about 4,000 referrals being made each year to state government agencies, and a fair proportion of those are not strictly required under schedule 8 to the act that sets out agencies to whom specific referrals need to be made. So implementing those reforms will certainly do a lot to reduce those time frames which, for council initiated DPA, sit around two years. Planning SA has been given the task to work with councils to determine whether further measures are needed to reduce that to ensure it can be under the 12-month target.

**The Hon. P. HOLLOWAY:** In relation to an earlier question where the planning review had looked at the costs to local government in relation to introducing a complying development scheme, I direct the committee to recommendations 27H and 27I, which state:

27H. An administration fee that is commensurate with the work undertaken under the code should be set for complying development. An urgent review should be undertaken to determine the appropriate fee for complying development and to ensure that planning authorities are able to implement appropriate levels of cost recovery, given that the desired shift from merit base to exempt and complying assessment will greatly reduce fee revenues. This review should be completed before the reforms commence.

27I. The Local Government Association and Local Government Grants Commission should examine the long-term financial impact of the change in fee structures on the performance of planning functions undertaken by local government.

They were the references I was talking about earlier.

**Mr GRIFFITHS:** I have no more questions. Is there a requirement for me to read into the record the omnibus questions, or have they already been accepted?

**The Hon. P. HOLLOWAY:** I am advised that they were read in last night for PIRSA under the agriculture line, so they will apply to the whole department.

*[Sitting suspended from 13:12 to 14:15]*

#### **Departmental Advisers:**

Dr P. Heithersay, Executive Director, Mineral and Energy Resources, Department of Primary Industries and Resources South Australia (PIRSA).

Dr E. Tyne, Director, Mineral Resources, PIRSA.

Mr B. Goldstein, Director, Petroleum Geothermal, PIRSA.

#### **Membership:**

Mr Williams substituted for Mrs Redmond.

Mr Pengilly substituted for Mr Goldsworthy.

**The CHAIR:** The committee is continuing with the same lines. Minister, if you wish, you are welcome to make a brief opening statement. I will then ask whether a member of the opposition wishes to make an opening statement.

**The Hon. P. HOLLOWAY:** I will make some brief comments. As I understand it, there will be no government questions. I want to begin by saying that the committee would be well aware of the mineral explorations boom in South Australia triggered by the government's PACE initiative. Minerals exploration in South Australia continues to surge with the Australian Bureau of Statistics (ABS) figures for the March 2008 quarter (released on 11 June) indicating an expenditure of \$79.3 million. Of this amount, \$31.9 million is identified in the ABS category for new deposits, while \$47.5 million was expended on existing mineral deposits.

Mineral exploration expenditure for the year to March 2008 reached a record level of \$344.1 million, or 15.4 per cent of total Australian mineral exploration expenditure for the period. This confirms again that the state's mineral exploration boom is the most sustained in our history. This record level of exploration expenditure continues to significantly exceed the South Australian Strategic Plan target of maintaining expenditure above \$100 million per year. The exploration figures for the year to March 2008 of \$344.1 million place South Australia neck and neck with Queensland's mineral exploration expenditure (\$351.1 million), although we are still, of course, well behind the mining giant of Western Australia, which has more than one-third of the continent's land mass.

It is worth noting that the combined ABS exploration expenditure figures for minerals and petroleum exploration for the year to March 2008 are \$514.8 million for Queensland (that is, \$355.1 million minerals and \$159.7 million petroleum) and \$549.7 million for South Australia (\$344.1 million minerals and \$205.6 million petroleum). In combined minerals and petroleum expenditure, we are a clear second in line to Western Australia. BHP Billiton's massive resource assessment drilling program at Olympic Dam is now winding back, so we will expect to see some pull-back in the quarterly figures for the remainder of 2008.

However, the projected figures will still be significantly ahead of the current South Australian Strategic Plan targets. Due to the success of PACE, as demonstrated by these exploration figures, I have asked the Resources Industry Development Board, under the Chairmanship of Keith Yates, to put forward recommendations to the government for more aggressive targets in exploration expenditure for the future. I now would like briefly to discuss our geothermal sector. The vast hot rock geothermal resources in South Australia have great potential as a renewable and zero emission fuel for cost-competitive base-load electricity generation. This has positive implications for South Australia's future energy supplies to stay secure and competitively priced while also being environmentally safe.

Twinned with extensive wind power and growing solar power in our state, hot rock energy will enable South Australia to be a leader in relation to greenhouse-friendly energy sources for the future. South Australia is leading the nation in exploration for geothermal energy and bipartisan support, and our state has and will play a very important role. Also, 23 companies have applied for 237 geothermal exploration licence areas covering more than 110,000 square kilometres. This compares with a total of 47 geothermal licences for the rest of Australia (that is, 83 per cent of all licences are located in South Australia), largely resulting from the state's geological advantage in the form of extensive hot rock geothermal resources, a supportive investment framework, a highly regarded regulatory regime and effective marketing.

Whilst it may not all eventuate, the work programs associated with those 237 South Australian geothermal exploration licences exceed \$686 million for the period 2002 to 2013. On the petroleum front, 116 exploration wells and 39 appraisal development wells have been drilled by new explorers in the Cooper Basin since January 2002 through to the end of April 2008. Most have targeted oil; however, both oil and gas have been discovered, and in 2008 we saw the 100<sup>th</sup> oil discovery in the South Australian Cooper Basin. Nearly all this state's petroleum prospective acreage is covered by 51 petroleum exploration licences and 36 petroleum exploration licence applications. The area under petroleum licences in South Australia is currently 178,516 square kilometres.

Petroleum tenements are currently in all of the state's prospective basins, including the producing Cooper, Eromanga and Otway basins and in the frontier Arckaringa, Officer and Arrowie basins. Petroleum exploration licence applications are current in the frontier Officer, Arrowie, Pedirka, western Eromanga (Poolowanna Trough), Simpson and Murray basins and basins with

coal seam methane potential. As these figures show, 2007-08 was another outstanding year for the minerals, petroleum and geothermal sectors in South Australia.

I will touch briefly on the Auditor-General's Report 2007, which raises some issues in relation to the mining revenue and the collection of royalties. The report raises two key control areas of mineral royalty collection that were viewed by the Auditor-General as being of material concern, as follows:

Audit assessment of the control environment in conjunction with the findings reported in the Review of the Controls over the Mineral Royalties Collection Processes identified some areas for improvement. They relate to the validation of royalty revenue paid in accordance with the Roxby Downs (Indenture Ratification) Act 1982 and the Whyalla Steel Works Act 1958.

To address the first key issue raised by the Auditor-General, PIRSA has measures in place to ensure the timely and accurate collection of royalties from BHP Billiton Olympic Dam operations at Roxby Downs. To address the second key control issue raised by the Auditor-General, PIRSA has initiated a number of steps towards achieving a more transparent royalty regime for OneSteel operations at Whyalla. All other issues raised in the report by the Auditor-General have been fully addressed.

In response to the overpayment of total royalties on petroleum by Santos in 2005, PIRSA employed an outside respected independent auditor (Deloitte) to provide advice on its processes for royalty collections in 2005. Deloitte made a number of recommendations for process improvement in relation to the collection of Petroleum Act revenues.

In 2006, it was the Auditor-General's view that these recommendations had yet to be fully implemented. Audit commented that, in addition, the department should review, agree and document all producers' assumptions in accordance with the Petroleum Act and validate all royalty returns against documented assumptions. PIRSA accepted this and has since acted on the Auditor-General's findings and recommendations.

As recently as this morning, there have been some claims that employment in our state's mining industry is at its lowest in four years. It has been reported that ABS statistics show that job numbers in the sector have fallen by 37 per cent since February 2007. I understand that the ABS figures for our rapidly developing South Australian minerals sector during the past two years show a high level of variability of up to 30 per cent from any one quarter to the next.

Evidence of this variability has not been observed overall in this industry. In other words, it is a statistical issue of sample size, rather than a reflection of reality in the industry. I assure the committee that strong jobs growth in South Australia's mining sector is expected to continue this year, with an average estimated increase in employment of nearly 20 per cent.

A South Australian Centre for Economic Studies survey of labour requirements in the mining sector was commissioned in late 2007 by Primary Industries and Resources SA, the Department of Trade and Economic Development and the Department of Further Education, Employment, Science and Technology. The survey, which was completed in March 2008, found that the workforce of the 65 companies responding to the survey questionnaire was expected to grow by 19.5 per cent to 12,200 in 2008, up from 10,200 in 2007.

The South Australian Centre for Economic Studies survey also found that full-time employment in the South Australian mining sector has continued to increase during the past five years. Furthermore, since 1997 the compound annual growth rate of employment has been a healthy 13 per cent, with the sector's share of total state employment rising to 1.4 per cent in 2007 from 0.5 per cent in 1997. The survey estimates that the mining sector's total share of state employment will rise again this year to 1.7 per cent.

In the recent state budget, the Treasurer announced that the government will invest \$14.1 million in the next four years to ensure that South Australia realises the full potential of the mineral exploration boom. An allocation of \$3.1 million will be directed to the Petroleum and Geothermal Group within PIRSA to help speed up the assessment process for applications for geothermal exploration leases made by companies seeking to tap the enormous potential for power generation from hot rock technology.

An \$11 million allocation will be directed to the Mineral Resources Group within PIRSA to strengthen the ability of the agency to manage the pipeline of new mines seeking assessment and approval. This new funding will ensure that South Australia realises the potential presented by the state's new mineral discoveries. The unprecedented increase in exploration expenditure, driven by the success of the government's plan for accelerating exploration, is only the first wave of the



quantum change that is taking place in the state's mineral sector. The second wave of change is the pipeline of development proposals and new mines that follow from this successful investment in mineral exploration.

The Mineral Resources Group and the Petroleum and Geothermal Group within the Minerals and Energy Resources Division of PIRSA will need to increase in size to handle the escalation in workload associated with this second wave of development proposals. The package of new measures, funded by the additional \$11 million allocated to the Mineral Resources Group, will provide the first phase of additional regulatory skills, departmental capacity and business confidence needed to ensure that exploration and mining development can be fully realised in the next few years. This funding will be directed primarily to a number of new staff positions, which will offset increased workload in new mine assessment, regulation and compliance for:

- the Olympic Dam staged expansion;
- the new metals and uranium mining projects, including the Beverly mine extension and the world-class Four Mile uranium project;
- the new iron ore mining developments, including Cairn Hill and Peculiar Knob; and
- the world-class minerals sands mining developments in the far west of the state.

New staff positions will also be established to offset the increased workload in mineral exploration regulation and compliance; administration and regulation of minerals tenements; and collection and auditing of minerals royalties.

A new position will also be created to work with and support the Resources Infrastructure Council in providing advice to government on infrastructure needs of the resources sector. These measures will boost the regulatory skills, departmental capacity and business confidence needed to ensure that exploration and mining developments can be fully realised for the state.

The boost in funding of \$3.1 million, to be spread across four years to 2011-12, will allow the Petroleum and Geothermal Group to retain and recruit additional expert staff to handle the surge in applications for geothermal projects in South Australia.

In addition to these new funding initiatives, which will facilitate the second wave of new mining developments for the state, the government is committed to streamlining mining assessment and approvals processes, whilst ensuring that the highest standards of environmental management are maintained through best practice mining lease conditions and performance-based regulation and compliance actions for new mines.

The government is also committed to bringing forward a package of amendments to the Mining Act 1971, which will reduce red tape, increase transparency of assessment and approvals processes, strengthen regulatory compliance provisions and amalgamate and simplify a number of fees and charges.

In conclusion, a wealth of good news is coming from the minerals, petroleum and geothermal sectors within the state, and I expect there is much more to come. The budget aims to provide the most strategic position to allow our government to deliver these competitive results well into the future.

Finally, I congratulate Dr Paul Heithersay on winning the President's Award at the Australasian Institute of Mining and Metallurgy National Awards for his pivotal role in developing and implementing the PACE initiative in South Australia in recognition of the outstanding reputation and exploration success that he has generated and for demonstrating the critical importance of public sector vision and leadership in the discovery process.

Another highly prestigious award, the Institute Medal of the Australasian Institute of Mining and Metallurgy, was presented to Dr Ian Gould, chair of the South Australian Minerals and Petroleum Expert Group (SAMPEG) for sustained service to the minerals sector through chairmanship and participation in industry representative organisations, for continuing and passionate advocacy and strong representation as the chair, previous chief executive and non-executive director and for showing leadership over and above the call of duty. I congratulate them both.

**Mr WILLIAMS:** It had not been my intention to make an opening statement since the minister has just taken some 15 minutes of the committee's time, but I do agree with one thing from the minister: some good news has been coming out of the minerals sector for a significant number of years now.

I think it had a brilliant year way back in 1997 and has continued to grow in recent years. The opposition sees it a little bit differently than the government, in that we do not actually believe that the only thing that is driving the minerals exploration and mining sector—or is even a significant driver of growth—is government actions and particularly the PACE program which is basically the Targeted Exploration Initiative SA renamed, and therein lies the difference.

The opposition understands the industry and what is driving the industry, and I think world markets are probably greater drivers than anything else. The opposition does have some concerns that the government's sole concentration with regard to minerals seems to be in trying to take some kudos for the growth in the industry when we believe it should be putting in more effort, particularly in respect of permits, and putting in more resources.

When I was shadow spokesperson for mineral exploration, I would get a continuous stream of complaints from mining houses and exploration houses about the lack of resources being put into the department to aid companies in a timely fashion. I am pleased that eventually, given the considerable growth in royalty returns to the state over recent years, some of that money is actually now starting (belatedly) to be channelled back into the department to help the sector.

I note also that the minister talked about red tape and a new mining act, and I look forward to changes to the mining act. I believe it has been under consideration for a great number of years now. Any reduction in red tape will be most welcomed by the sector, and I remind the minister that there is an extractives industry out there as well that continually complains to me as local member about the red tape and the problems it has getting permits to carry out its important role within the economy of the state.

My first question relates to Budget Paper 4, Volume 2, page 5.12. I note that the government has a vision, and again it is a target that was adopted by the previous government, of having a mineral production and processing industry worth \$4 billion by 2014.

A recent article in the *Australian* newspaper noted that, in the past six months, 22 resource industry projects costing a total of \$11.3 billion were completed and a further 97 projects costing a total of \$70.5 billion are at an advanced stage nearing completion. My question to the minister is: how many of these projects are in South Australia?

**The Hon. P. HOLLOWAY:** I cannot comment on what was in the *Australian* article and what that was referring to, but what I can say is that, when this government came to office, there were four operating mines in the state. There are now, I believe, 10 and there are anything up to 30 projects in the pipeline, so there has been a significant increase—

**Mr PENGILLY:** China would have a bit to do with it, of course.

**The Hon. P. HOLLOWAY:** Well, China has had a bit to do with it, but the point I want to make in relation to the exploration initiative is: how else do you explain that when this government came to office the proportion of mining exploration—sure, it was low because of low commodity prices—was less than 5 per cent of this country's exploration? We now have 15 per cent. It is not as though we have just increased along with everybody else. The fact is that we have increased our position relative to every other jurisdiction in the country in terms of our share.

We now have a greater share than our land mass. We had much less five years ago, and you do not get that sort of result unless you make a concerted effort. Of course, part of that effort has been in getting the rest of the world, the large mining houses, to recognise that this state has a significant mineral potential, because that was not recognised.

This state began on a process back in 1992 with the South Australian exploration initiative under the then director of mines Ross Farden, and Frank Blevins was the minister. That was continued in a new guise by the incoming Liberal government as the TEISA scheme, and that accumulation of geoscientific information has gone on apace now for 15 or more years.

What the PACE program has done is add a whole lot of new elements to it that are unique in the world. They are now being copied by other jurisdictions in this country and overseas. One of those of course is the drilling subsidy. Also, there were initiatives in relation to improving access: SAMPEG was important in spreading South Australia's reputation through the rest of the world as a prospective place. So there is a lot more to it than just those initial programs.

We are now at the stage where, as I said, in terms of petroleum and mineral exploration we are ahead of Queensland, which is regarded as the mining powerhouse. However, we have come from a long way behind as we had just four operating mines back in 2002, when we came to government. There are now a significant number of them and, of course, Olympic Dam is very

significant, because it will become the largest mine in the world. Whether *The Australian* decided to take into account those 30 prospects or not, I am not sure—nonetheless, they are there.

**Mr WILLIAMS:** Given the minister's answer, I refer to the mineral sub-program on page 5.13 of Budget Paper 4, Volume 2. The program heralds South Australia's share of the national exploration expenditure. It suggests (as the minister is telling the committee) that it is being driven by the PACE program. In his recent address to the National Press Club, Premier Mike Rann said that South Australia's mining success is not due to natural forces but his government's survey work and encouragement of exploration. He went on to say that this is supported by the fact that only four mines were operational when Labor came to government and now there are 10. My question to the minister is: of the 10 operational mines, how many of the operating companies received their first exploration licence under the current Labor government?

**The Hon. P. HOLLOWAY:** We would have to go back to work out the times but, clearly, the exploration licences have been held for a long time. What is significant is to look at the proportion of the state that was covered by mining exploration licences back in 2002 and look at it now. Believe me, if you looked at a map there were huge parts of the state where there were no licences prior to the PACE scheme and now it is very rare to find a bit of earth. The important thing is that it is not just a matter of having the licences but having the drilling activity. The fact is that we have had exploration with these significant amounts (\$344 million) which is, as I said, up there with Queensland. I think that is a recognition that this state is highly prospective, regardless of when the licences were granted. It is one thing to have licences for a long period of time; it is another thing to drill them.

**Mr WILLIAMS:** Given your claims, both in answer to that question and your opening statement, how is it that of the 10 operational mines (according to your department's web site and specifically in a document entitled 'South Australia's Mining Projects Pipeline') only one of nine operational mines in South Australia has ever received PACE funding? Indeed, I understand the licences for that mine were issued in 2001.

**The Hon. P. HOLLOWAY:** There is a significant lead time in going from exploration to discovery, but what we have seen are a couple of extremely significant discoveries as a result of the PACE program. The important thing about the PACE program drilling subsidy is that it enabled exploration holes to be drilled in areas that might not otherwise have been drilled. If one looks at the result at Carrapateena, for example, the original hole there was part of a PACE program. That mine is not yet operating, but it is one of the most significant mineral discoveries in this state for a long time. Also, Jacinth-Ambrosia was a mineral sands exploration in the Eucla Basin. The work out there was part of a PACE program.

The point is that the PACE program has been successful in generating interest in the state. We have had a significant number of players, and much of the state is now covered by exploration licences. The level of exploration, as I said, has gone up from about \$30 million a year in 2004 to \$340 million a year now. That is what has changed and that is why there are 30 more mines in the pipeline. What is important is that we move ahead and seek to develop them.

Obviously, the future of our state is going to depend very much on how successful we are in translating those exploration successes into mining successes. That is where our activity lies, and it will be a real challenge to do that, but the state will be richer for it if we succeed—as I am determined we will.

**Mr WILLIAMS:** I go back to the theme of the \$4 billion a year target for the mineral production and processing sector in South Australia by 2014. Has the government been approached by BHP Billiton (regarding its proposal to expand the Olympic Dam operation) as to any proposal for the export of concentrate—or what is known as full concentrate—as opposed to simply copper concentrate?

**The Hon. P. HOLLOWAY:** There has been plenty of coverage in the media about BHP. Obviously, BHP is going through its many options at the moment about how it might proceed, because this is a massive scale mine and it is clearly addressing a number of options. As was widely reported in the press at the time, it gave its views to government on that, and the government, through the Premier, has responded. BHP is currently looking at all of its options, and until the results of that are made known it is essentially a matter for BHP as to what it wishes to propose. Clearly, there are a number of options in relation to how BHP will grow the mine at Olympic Dam.

**Mr WILLIAMS:** Surely the government should have an opinion as to whether it would facilitate it. I understand that if BHP proposed to export full concentrate—that is, concentrate which

contained unprocessed uranium oxide—it would require significant licences from both the state and federal governments.

**The Hon. P. HOLLOWAY:** As I understand it, whatever happens, BHP will be processing the vast majority of its uranium sources on-site. That is inevitable and comes with the process. Whether or not there would be small quantities in any concentrate it may or may not seek to produce is obviously something that would be subject to federal government licences and the like. But, really, until BHP comes forward with its final proposal, it is difficult to comment on that. The government's view is that we obviously prefer the highest level of processing within our state. However, given the scale of this operation, clearly, there are a number of options that BHP can undertake. In our negotiations, we will be ensuring that, from this range of options, we get the best outcome for the state, but there are a lot of ifs and buts and possibilities within that scenario.

**Mr WILLIAMS:** What are the implications if BHP exports most of its product as copper concentrate as opposed to refining it completely in South Australia?

**The Hon. P. HOLLOWAY:** Whatever happens, the BHP mine is going to be a massive mine and it will create a huge number of jobs in the state, both directly in the mining, such as people driving the trucks, and there will inevitably be significant levels of processing on-site. Whatever the final combination is before government, there will be a very significant increase in the number of jobs for this state; exactly how many, of course, will depend on the range of options. It is not just the state government that will be interested in this but obviously the commonwealth government as well in relation to exports.

**Mr WILLIAMS:** I refer to page 3.24 of the Budget Statement. The estimated royalty revenue to the South Australian government in 2007-08 is \$144.4 million. South Australia's share of national exploration expenditure is second only to Western Australia, yet our royalty revenue lags behind both Western Australia and Queensland. Queensland Treasurer, Andrew Fraser, recently recommended that royalties should be set at 10 per cent of the value of minerals mined and exported. Does your government have a view as to whether we should be increasing the royalty rate charged in South Australia? Further, does the government have a view about whether there should be a different royalty rate for exported concentrate as opposed to that charged for mine product that is processed in South Australia?

**The Hon. P. HOLLOWAY:** In relation to the latter, I think that is a reasonable point. Every state government has an obligation to ensure that its resources provide the maximum return to the public. As the honourable member would well know, we in this state have introduced a royalty regime, which has been necessary to encourage the number of mines. One of the reasons we have had this big increase in the number of mines is that we have a very competitive royalty regime, which allows for the fact that many of these new projects have a massive investment in the early years. That is why we had a lower rate for the first five years and then a higher rate thereafter, which reflects the input. I think that is one of the reasons for our success in attracting more mining operations to the state. So, one has to be competitive.

If one looks at where the big increases from royalties have come, there have been massive increases in iron ore and coal royalties from the bulk export commodities from Queensland and Western Australia. Of course, they are all from resources that have been discovered for many years. With our exploration expenditure, we are in the process of discovering new resources. One of the disadvantages we face in our exploration efforts is that in this state much of our resources are undercover (that is, they are below 100 metres or more of sedimentary cover) and, of course, that makes them more expensive to extract.

The other point that needs to be made is that, with our mineral resources from South Australia, we tend to be prospective in minerals such as copper, gold, uranium and those types of resources, although there has been an increasing level of interest in iron ore. OneSteel has recently increased its export of iron ore and, with Cairn Hill and Peculiar Knob and other locations, we expect that we will start to see significant iron ore exports from our state. It is really those bulk commodities which have been discovered for many, many years which have proved the royalty windfall for Queensland. One could also mention New South Wales, which is a big coal exporter, and Western Australia.

We, of course, have not had mines that have been in operation at that scale for such a significant length of time, and that is why our royalties will grow in future years. But, presently, they are at a relatively low rate, which reflects the fact that, when we came to government six years ago, we had only four mines in this state. It will be future generations who will get the benefit of the investments that are now being made. It does take time between a discovery and bringing a mine

into operation, but that process is well and truly under way. For us, the benefits in terms of the royalties will be some years out.

In any case, there is the issue about how royalties are treated by the Grants Commission. It has been pointed out by some other states that much of those royalties are taken into consideration by the Grants Commission in GST payments to the states. So, for every dollar in royalty, it may be that much less is received by the states. However, that is a very complicated formula.

Certainly for now, from my perspective, we will always look at the rates of royalty we apply to our resources in South Australia. In relation to the regime we decided on (and remember it was passed by parliament and it was supported by the honourable member, I think, when he was the shadow minister for mineral resources) those levels we chose were to pitch us as an attractive rate (it put us in about the middle of royalty rates, I believe, with other states) to make sure that we were attractive and that we would get these mineral operations up and running. Given the fact that a lot of our resources are undercover for those sort of copper/gold projects, for a lot of them there will be significant upfront costs in removing the overburden, and our royalty rate reflects that.

Of course, in relation to OneSteel those royalties were originally fixed historically. The government is currently examining those royalty rates. It was one thing for OneSteel to have a low rate of royalty into its steelworks, but if OneSteel is now moving towards significant export, as it is, then obviously one needs to consider that in a different light than one does with the iron ore that it produces to go into its steelworks.

That really comes back to the second part of the honourable member's question. I think we do need to refine our royalties into the future to reflect current conditions. Of course, a lot will depend on whether those windfall prices remain indefinitely into the future. Unfortunately, in the past we have not had big exports of those commodities such as coal and iron ore which have increased so rapidly in price; but we are reviewing our royalties for OneSteel.

To come back to the previous question of the honourable member on the royalty discussions with Olympic Dam, we will be looking at a number of issues in relation to that; royalties are just one factor. Clearly, the level of processing and so on will all come into that equation. At the end of the day, we have to get the maximum benefit for the state, whether that be by royalties or whether it be by jobs through processing, and there are a whole lot of options here. Royalties are just one of the options to ensure we get the rightful return to the state on our resources.

**Mr WILLIAMS:** I refer to page 5.13, the minerals sub-program, which states that it is the government's responsibility to regulate mining operations. The government is responsible for the regulation of the waste storage and waste produced within mining and other industries. At what stage are the negotiations between the government and BHP in developing a nuclear waste storage facility at Roxby Downs for low level nuclear waste which is currently stored around the state at various facilities?

**The Hon. P. HOLLOWAY:** Nuclear waste issues are more matters for my colleague the Minister for Environment and Conservation. It is an EPA issue and I think it is probably best addressed to her estimates.

**Mr WILLIAMS:** I refer to page 5.12, and particularly my earlier comments about the belief the opposition has that industry is requiring more resources within your agency, particularly in the permitting area. I refer to the table on that page, 'Summary Income Statement'. It shows that expenses have increased by just over \$1 million from 2006-07 to the budget for 2008-09, from \$26.6 million to \$27.7 million, with an increase in employee benefits, and costs exceeding that increase, from \$14.9 million to \$17.9 million—some \$3 million. I assume that a fair bit of that is made up via enterprise bargaining agreements. That is the information that I have been getting from other ministers with regard to those figures. Yet, the revenue streams have increased by over \$4 million in the same period, particularly with fees, fines and penalties increasing by almost \$4 million. Minister, would you like to comment on the numbers of employees in the mineral resources area, particularly those whose function it is to aid both the explorers and mining operators in their permit needs?

**The Hon. P. HOLLOWAY:** I indicated in my opening statement that, in fact, over the next four years there will be something like \$2 million this year, and then \$3 million ongoing has been built into PIRSA's budget. Incidentally, it reminds me that, in relation to the exploration initiative, when this government came to office there was no forward funding. One of the first things we had to do in a very difficult budget situation in 2002 was find the money to keep the exploration initiative going. But, this is money that will be built into the ongoing forward estimates of the department of

\$3 million per year, after this year's \$2 million, to assist the department not only to retain staff—and that will be important because of the pressures in this industry—but also to increase additional staff. In my opening address I indicated some of the areas where we would be using those additional resources.

I remind the honourable member that his leader has been criticising this government for increases in size of the public service, but, of course, at the last election the Liberal government went to the people on the policy of cutting 4,000 public servants, and they did not exclude people from PIRSA as part of that. You cannot have it both ways. In relation to additional staff, if there is any more information I will ask Mr Knight to answer.

**Mr KNIGHT:** Perhaps if I can address some of the numbers it might be useful. As is often the case with the way these numbers are presented, the true picture is concealed by one-offs or other things. I will also address the issue of revenue. I think the important comparison to make in relation to that table on page 5.12 is the budget-to-budget comparison on the expenditure side. It goes from 24.6 to 27.8, and therein lies the \$3 million increase in expenditure that is both in the mining and petroleum parts of the division.

A lot of what you can see in the top line goes into wages. It is a bit over \$2 million in extra wages—extra staff—to do exactly the kinds of things that the member outlined. That is what the money from Treasury has been provided for. The difficulty in comparing the budget-to-budget numbers with estimated results, or even the actual result from 2006-07, is that often the issue comes up that there are one-offs in those numbers.

To take the 2007-08 estimated result as an example, I draw your attention to the line 'Grants and subsidies', where the 2007-08 budget was \$1.58 million, but in fact we spent \$3.3 million. The story behind that was significant funding we received externally that involved an industry-funded gravity survey. You have to be careful in looking at that estimated result for 2007-08, seeing it go from only \$27.1 million this year to \$27.76 next year and saying, 'That's not much of an increase.' The problem with that comparison is that the one-off in 2007-08 masks the fact that there is an ongoing, underlying growth in our expenditure of about 12 per cent. So \$3 million, from \$24 million to \$27 million, is about 12 per cent growth in our expenditure, and the biggest component of that will be salaries.

The revenue side again tends to conceal things. When you look at the net cost it does not look as if it has moved much from budget to budget. A lot of these fees are volume driven, and as we are doing more permitting and other assessment activity the volume or activity levels of our division grows and then those fees increase as well. You can see it will go up from budget to budget from \$7.6 million to \$10.6 million. Again, if you went straight to the bottom line and looked at the net cost of providing services, it shows that that has not risen greatly. It is that effect of increased volume flowing through into the fees that is masking the fact that there is an undeniable increase, budget to budget, in expenditure. As the minister indicated, in the 2009-10 budget a further million dollars is factored in that does not show up in these numbers. That continues on for ever and a day in our forward estimates.

**The Hon. P. HOLLOWAY:** We will review that, if necessary. This is about the immediate needs, but we will constantly keep under review what the demands are in the department, because clearly its success in dealing with these applications will determine how much we ultimately derive in royalties and how much our state economy grows through the successful growth of the mining industry.

**Mr WILLIAMS:** While we are on that table, is the line 'Grants and subsidies' the line from which the PACE program is funded?

**Mr KNIGHT:** Much of it, because obviously drilling subsidies fit under that line. That has probably been the single largest component within PACE. There would also be amounts under 'Supplies and services' that would relate to PACE as well.

**Mr WILLIAMS:** I understand that 2008-09 is the final year of stage 1 of the PACE program, which had a total budget of \$22.5 million. Will all that \$22.5 million be expended by the end of this year, and how much has been spent to date?

**The Hon. P. HOLLOWAY:** I think we extended that out to \$30 million, but I will let Mr Knight answer that.

**Mr KNIGHT:** The answer is yes; you are quite right in pointing out that this coming year is the last year of the initial five-year PACE program that involved \$22.5 million over five years. In its deliberations on the 2007-08 budget, the government announced increased funding for the last two

years of the PACE program as well as ongoing funding for PACE. So, for the three years 2007-08 through to 2009-10 it involved another \$5 million, which brings the total PACE funding to something like \$27.5 million over that period.

More importantly, and this is one of the conundrums the department has been through with the original SAEI program and then the TEISA program, which commenced in 1999, many of these programs are set amounts of money for a period of time and then they expire. That was also true of the first iteration of PACE. I think what has happened now is two important decisions in terms of our long-term sustainability. In 2002-03 the second phase of TEISA was launched. It is now ongoing—it is not a program that ends at some point. The original TEISA initiative commenced in 1999 and involved something like \$8 million over four years and it ended at a point. There was no further money in the forward estimates. I think the benefit of the program in place now is that it is now embedded in our operations and I think there is an acceptance by the government that that ongoing effort in exploration is needed. Likewise with PACE, while PACE 1 was a five-year tranche of projects worth \$22.5 million, PACE continues on.

I think probably the other answer to your question is that, given the level of priority, we have not just spent that amount of money on those PACE initiatives. In fact, where an opportunity has arisen, we have allocated further departmental funds into these initiatives. If you go back to 2004, no-one would have predicted that the drilling subsidy program would have been as successful as it has been. In considering the number of rounds of that program, it has continued to find new deposits. As a department, wherever we have been able to deploy other resources, we have also brought that forward into PACE as well. Our total expenditure in reality has exceeded what was originally contemplated.

**Mr WILLIAMS:** I refer to page 14 of the Budget Overview and I note the government's reference to a further \$11 million commitment to the mining industry. The opposition has been advised that SACOME was told by the government that moneys had been set aside in the PIRSA budget to complete work recommended by the council appointed to form a response to SACOME's infrastructure study relating to regional infrastructure to support the mining industry. That work is necessary so that submissions can be made to the federal government for funding from moneys that it has earmarked for major infrastructure. Of the \$11 million commitment in this budget of new money to mining, how much is associated with that work, and can the minister inform the committee of the status of that work?

**The Hon. P. HOLLOWAY:** I indicated earlier in my opening remarks that a new position would also be created to work with and support the Resources Infrastructure Council in providing advice to government on infrastructure needs in the resources sector. So, we are beefing it up, even though that program is essentially within DTEI or the Office of Major Projects and Infrastructure. I am not really sure in relation to the comments by SACOME whether it is referring to PIRSA or DTEI, so that would need to be clarified. Certainly, as far as PIRSA is concerned, additional resources are one of those key elements, and I outlined the others in the introductory comments. Obviously working with and supporting the Resources Infrastructure Council is an important role.

**Mr WILLIAMS:** I posed a question a moment ago and I am not too sure that you gave me the answer I was looking for. We talked about the \$3 million increase in this year's budget going to \$4 million in the next year. How many extra staff do you expect will be employed with that money? It has been suggested to the opposition that there will still be a shortfall within your agency to keep up with the growth expected in the industry over the next few years.

**The Hon. P. HOLLOWAY:** One of the issues we have to deal with is not just recruiting new staff but retaining existing staff, because the highly skilled people in the mining industry are in great demand and PIRSA already pays higher retention allowances, for want of a better word. Of all departments of government, PIRSA is probably under as much pressure as any in regard to the demand for the skill sets of people working within the various divisions. That clearly needs to be addressed, both in petroleum and in the mining sector. So it is not only additional positions but also ensuring we can retain a clear staff.

I indicated earlier where some of the new staff positions would go. I mentioned the Olympic Dam staged expansion, the new metals and uranium mining project, such as the Beverley mine extension, and the four-mile project, and also a number of new iron ore mining developments are coming on stream. South Australia will soon become a significant iron ore exporter, which we have never been, other than the iron ore we used to send from Whyalla to Port Kembla and get some coal back in return. We produce steel here, but we have never really been a bulk iron ore exporter, but that will change in the next five to 10 years. There is also the mineral sands.

As to staffing, it is \$2 million for this year and \$3 million ongoing in minerals and also \$3 million over four years in the petroleum group. In nominal terms the staff cap for the department has been increased by 10 for 2008-09 and by 15 for 2009-10. How that is expended will depend on the need to retain staff. That is for both mining and petroleum. The government will need to keep it under review and, if the demand for mines continues, as I hope it will, we will clearly need to examine the situation again, and there is an acceptance within government that that will need to be done. Obviously the more successful we are the more revenue we will earn in royalties and the like, but the more we will need to put into the department.

**Mr WILLIAMS:** Being the shadow minister for water security, one of the issues often brought to my attention is the requirement for vast amounts of water to support the mining sector. It is often suggested that that is a potential inhibitor to the growth of our industry. Does the government have an overall strategy or is it simply to allow each operation as it plans to go forward to overcome its own water requirements issues?

**The Hon. P. HOLLOWAY:** The Water Resources Infrastructure Council is set up just to look at those things. Because of the diversity of location of mining projects and potential sources, you have to look at the needs and answers to those needs in each location. For example, if you look at the sands mines at Jacinth Ambrosia out on the Eucla Basin, the discovery of a saline aquifer that is reasonably close will provide an answer for that source. Similarly, we were able to discover an aquifer at Prominent Hill that will meet the needs of Olympic Dam.

Clearly, if we are to get that infrastructure in from Port Bonython, or wherever, it is important that we ensure that that resource can be used for other mines within the location. But, if we are looking at other mines way out in the Curnamona out towards the New South Wales border, clearly, a solution will be needed for that area as well. Water needs are important. Fortunately, the mining industry can use low-grade water—and we have a number of aquifers which would have no other worthwhile purpose—for mines such as Iluka and Prominent Hill. I do not know whether Paul wants to say anything. He has not said anything all day. Obviously, he is a member of the infrastructure council.

**Mr HEITHERSAY:** Just to reiterate the minister's point, RESIC is developing a strategy around infrastructure, including water. In fact, the next meeting was going to be devoted to the water issue for mining.

**The CHAIR:** There being no further questions, I declare consideration of the proposed payments for the Department of Primary Industries and Resources and Administered Items for the Department of Primary Industries and Resources adjourned until 1 July.

**Membership:**

Mr Venning substituted for Mr Williams.

Ms Redmond substituted for the Hon. G.M. Gunn.

**SOUTH AUSTRALIAN TOURISM COMMISSION, \$51,963,000**

**MINISTER FOR TOURISM, \$4,527,000**

**Witness:**

The Hon. J.D. Lomax-Smith, Minister for Education and Children's Services, Minister for Tourism, Minister for the City of Adelaide.

**Departmental Advisers:**

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

Mr T. Pavic, Chief Financial Officer, Adelaide Entertainment Centre.

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

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

Mr A. McEvoy, Chief Executive, South Australian Tourism Commission.



Mr A. Wroniak, Group Manager, Corporate Services, South Australian Tourism Commission.

**The CHAIR:** I declare the proposed payments open for examination and refer members to the Budget Statement, in particular, pages 2.26 and 2.27 (Appendix C) and the Portfolio Statement, Volume 3, Part 9. I do not believe I have to repeat my opening remarks. Minister, if you wish, please make an opening statement. I will then pass over to the lead speaker for the opposition to make a brief opening statement and then members can ask questions.

**The Hon. J.D. LOMAX-SMITH:** Thank you, Mr Chairman. We have agreed with the opposition that we should have no opening statements because there is a pressing need to get on with the business. I understand that we will start with the two centres, and then move onto the tourism portfolio proper.

**Mr PENGILLY:** I refer to Budget Paper 3, Chapter 6, page 6.6. Under 'grants and subsidies' to the Entertainment Centre the actual for 2006-07 was \$0.8 million. The estimate for 2007-08 is \$54.5 million and the budget for this year (2008-09) is nothing. First, why has such an enormous amount been spent in 2007-08 in comparison to the previous year? Secondly, will the minister please provide a breakdown and advise what benefits this money will provide to the South Australian taxpayer? Thirdly, I refer to page 6.5 where it states that \$20 million will be provided towards facility enhancement. Will the minister explain why, if the estimated result for 2007-08 is \$54.5 million in grants, the Entertainment Centre needs another \$20 million? I am quite happy to repeat those questions for the minister.

**The Hon. J.D. LOMAX-SMITH:** I think that I understand the drift of the question. It is a very good question. It is somewhat confusing; I appreciate the difficulty the honourable member has had in teasing out the numbers. Previously, the Entertainment Centre has had a very significant series of upgrades to do with seating, the kitchen and general refurbishment, as well as significant investment in infrastructure both within its own building and the surrounding environs where there are areas that are either leased out or used for small functions.

On top of that, as the honourable member would know, there is a major upgrade which is in the planning now. It was announced a couple of weeks ago. That upgrade will be completed over the next 18-month period. It is a substantial sum of money, but the original concept plans have been completed but not yet the detailed designs. This upgrade, together with the infrastructure investment in new seats, kitchens and a range of new facilities, includes, for instance, the theatre mode. The honourable member may not have seen that but it is quite an extraordinary, intimate venue for theatre-style productions. A third of the arena area can be cordoned off with deep velvet curtains, and there is a stage and ranked seating which are of very high quality.

It can give the impression that you are in quite an intimate theatre. Special screens have also been fitted into the ceiling space and sound baffles to give better acoustics. All these investments are important within the arena, but the major upgrade that is proposed for the next 18 months will include a very significant entry statement, an improvement of access from the Port Road, and a different form of venue, which will be a 2,500 seat venue, which will allow us to attract the sorts of acts that require good facilities that are not currently being catered for in Adelaide. That is the rationale for the upgrade.

It is a very significant site. There has been infrastructure investment over some years, in fact, including the Argentinean restaurant and Channel 7. The site has massive potential, particularly with the stop of the trams being outside and we do need to keep investing in this sort of infrastructure to have good facilities into the future. I am very pleased to say—and you have not asked about the Convention Centre—that both the Convention Centre and the Entertainment Centre have maintained investment in infrastructure and kept their buildings up to scratch and usable and on a par with the industry standards.

In relation to the numbers, I think you are asking whether it is \$50 million or \$20 million. I agree, you are right to ask that; the budget papers are somewhat confusing. As I understand it, the reference to the \$50 million in 2007-08, Budget Paper 3, page 2.26, confirms that the funding has been received. Budget Paper 5, page 11, states the investment program for 2008-09 is \$20 million and I think that relates to how much will be expended. I think this is an accounting procedure and explains that the money will be spent over two financial years.

**Mr PENGILLY:** I refer to the same budget line, the same page, on the redevelopment—and I am very happy to have the redevelopment take place, believe me, however, the Treasurer (in his own unique way) has been heard to mumble that there are 800 car park spaces down there and

they are free. He wants to know why they are not being charged for car parking. Is it the plan of the Entertainment Centre to put car parking charges in place immediately?

**The Hon. J.D. LOMAX-SMITH:** Are you referring to ancillary parking for the Entertainment Centre?

**Mr PENGILLY:** Yes.

**The Hon. J.D. LOMAX-SMITH:** Clearly, there has always been a view that the parking is not used 24/7. You do not need to be an Einstein to recognise that it is mainly used when there is a function in the evening. I believe sometimes it is used when there are functions at the soccer stadium as well, but essentially there is very much of the week when those car parks are unused. It is convenient that the major tenancy on the site (currently Channel 7), works predominantly during the day—even though they are a 24/7 organisation. The restaurant works closely with the Entertainment Centre when there are events, and there is no proposal to start charging, except in the future there may well be a park and drive facility, but, in terms of the Entertainment Centre, this is an ancillary parking system.

**Mr PENGILLY:** That is my question, minister. It has been indicated that the Premier, from the way we understand it, would like to see car parking charged for in the Entertainment Centre car park, sooner rather than later. So, I am pleased with that response that there will be no charging.

**The Hon. J.D. LOMAX-SMITH:** Our current plan is to negotiate with the transport portfolio and work with them on the tramline.

**Mr KIRCHNER:** The reference to car parking is in relation to the tramline extension and, once that project is completed, the intention is to establish a park and ride system utilising the Adelaide Entertainment Centre car park, under very strict conditions, and providing a return tram fare as part of the car park entry. The logistics of that and the amount to be charged is yet to be determined. That is the position we are at currently.

**Mr PENGILLY:** Finally, minister, on this matter—and thank you for that answer—when the tram, if and when it does eventuate in terms of going to or past the Entertainment Centre, or whatever, will car parking still be free for people attending functions at the Entertainment Centre in the evening? Will they pay during the day and then have free parking at night in the future?

**The Hon. J.D. LOMAX-SMITH:** Can I just respond to the member's reference to 'if and when' it ever occurs. I really think that the member should understand that this is a budgeted and planned exercise, and the implication that there will not be a tram is not accurate. This is part of a planning concept developed by the government that will include transport orientated developments along the tram and train corridors that will have increased housing. We know that the Clipsal site will be developed shortly.

Having the tram link in with the new Entertainment Centre I think is a brilliant investment. I am very disappointed that you should not understand that, because certainly for many people it will be the method of choice to get to the Entertainment Centre in the evening. The reciprocal end of that agreement, of course, is that it will be a way of keeping traffic and parking down in the city by allowing people to park and ride.

I think that it is very popular for those opposite to want to denigrate the tram system, but it is actually a popular form of transport. It is energy efficient, and it will enhance the usability of the Entertainment Centre.

**The CHAIR:** Does the government have any questions?

**The Hon. S.W. KEY:** No.

**Mr PENGILLY:** If the tram is there, it is there; if it is not, it is not—that is not the point for me. What I am trying to ascertain is: will patrons of the Entertainment Centre who attend functions in the evening have to pay to park, as opposed to those who may use the tram during the day to commute from the Entertainment Centre car park to the city? Is it free in the evening, and will people pay during the day?

**Mrs Redmond:** Or vice versa.

**Mr PENGILLY:** Yes; that is simply the question.

**The Hon. J.D. LOMAX-SMITH:** I think that you may not understand how the car parking works now, and that may be the basis for your confusion. Perhaps Mr Kirchner will explain how the car parking works.

**Mr KIRCHNER:** Essentially, the current situation is that people who attend concerts at the Adelaide Entertainment Centre have always been charged for car parking. At the moment, if they attend a function, such as a banquet, a dinner or something of that nature, they are not required to pay for parking. The status quo will remain for concerts, but we have yet to decide at the board level, or at any other level within government, whether we intend to charge for function car parking at this time.

**Mrs REDMOND:** Continuing on that theme, I am still puzzled as to how the logistics of this will work. Traditionally, in the metropolitan area, a park-and-ride has been free, and those commuters are normally in the city from, say, nine till five, and they may well leave substantially after that time. Whether it is a Wiggles concert during the day or a concert starting early because of a long program at night, there will be many occasions when patrons attending concerts at the centre, as opposed to functions, will want to use that car park. I am still curious as to how on earth you juggle that.

To take up a point raised earlier by the minister, the idea of there being some sort of combined fare suggests that there is indeed the intention that people will pay for parking in a car park that will operate as a park-and-ride at the Entertainment Centre.

**The Hon. J.D. LOMAX-SMITH:** I think that the member may have some opposition to the tram and some—

**Mrs REDMOND:** I do, but I am assuming that it will occur.

**The Hon. J.D. LOMAX-SMITH:** It would be fair for the member to discuss that during the transport minister's estimates. We are discussing the Entertainment Centre, and we have given you information about the Entertainment Centre.

**Mrs REDMOND:** But the Entertainment Centre owns the land where we are talking about the parking, doesn't it? I am not talking about the tram; I am assuming that that will occur, because that is what the government says will occur. I am personally absolutely opposed to it, but I base my question on the idea that the tram will be there.

The land is Entertainment Centre land. What I want to know is: how do you juggle the apparent conflict between free park n' ride (which we have always had in this state) and the assertion that we will somehow have a combined fare from the Entertainment Centre into the city?

Why will it not be just the ordinary tram fare from the Entertainment Centre into the city if the park-and-ride remains free? How do you juggle the use of the area, owned by the Entertainment Centre, for that use and for the use during concerts?

**The Hon. J.D. LOMAX-SMITH:** We will work that out over the next few months. The reality is that, if you have a disagreement about the tram structure and investment, you should take that matter to the Minister for Transport in his estimates.

**Mrs REDMOND:** With respect, it is nothing to do with the tram: it is to do with parking. Will the government guarantee that park 'n' ride will still be free in terms of the 'park' but not the 'ride' component?

**The Hon. J.D. LOMAX-SMITH:** I think you need to ask the Minister for Transport about the park 'n' ride. You cannot have a park 'n' ride without the tram and you cannot ride unless the tram exists. We have to have the tram before we can even contemplate parking and riding, and that is for the Minister for Transport.

**Mr PENGILLY:** I refer to Budget Paper 3, page 6.2: Public non-financial corporation: operating performance. The fourth paragraph states:

The net operating balance (before dividend and tax equivalent payments) for the PNFC in 2007-08 of \$438 million has been boosted by the receipt of a \$50 million grant from the government towards the Adelaide Entertainment Centre facility enhancements in 2008-09 and 2009-10.

Minister, will you explain where the \$438 million goes to after dividends and tax payments and why enhancement of the facilities does not come out of that amount? I am also looking at page 6.6. Why is not any of the \$50 million shown in table 6.2 regarding grants for 2008-09?

**The Hon. J.D. LOMAX-SMITH:** My understanding is that the grant has now been made but the expenditure will be in a different year. They will be in two different years. I think the explanation we have given to you is that the \$50 million was received in 2007-08 and there will be \$20 million for the commencement of the upgrade in 2008-09. Paper 3 relates to the total funding

of \$50 million provided and paper 5 relates to the actual planned expenditure by the Entertainment Centre.

**Mrs REDMOND:** Going back to the other part of the question, why is the refurbishment not covered within the \$438 million?

**The Hon. J.D. LOMAX-SMITH:** I think that you misunderstand where the capital investment is. Could you explain that, Mr Kirchner?

**Mr KIRCHNER:** Essentially, you are asking about the total dividend from all public non-financial corporations, rather than just the Adelaide Entertainment Centre.

**Mrs REDMOND:** It was his question. I was just trying to get the answer.

**Mr KIRCHNER:** Essentially, I am not in a position to answer that statement. Obviously, it is the government's call as to from where it chooses to allocate its funds.

**Mr PENGILLY:** I refer to Budget Paper 3, Appendix C, page C.8, Table C.3: Estimates of receipts, Repayment of advances, Adelaide Entertainment Centre. The budgeted amount of repayments in the 2007-08 budget and the estimated result for 2007-08 is \$3,725,000. Minister, will you explain why no repayment is given for the budget of 2008-09 when it appears that large amounts of money are being handed over to the Entertainment Centre, such as the \$50-odd million in grants in 2007-08 and the additional money in 2008-09, \$20 million for the facility enhancements (page 6.5, paper 3)?

**The Hon. J.D. LOMAX-SMITH:** I think you are missing the point. I think that is expenditure. What has happened is that there has been a massive refurbishment and investment prior to the \$50 million.

**Mrs REDMOND:** I assume that, before the \$50 million was allocated for this big investment in developing the Entertainment Centre, there was some sort of business case. What is the indicated improvement in patronage of the Entertainment Centre that will be brought about by a \$50 million investment?

**The Hon. J.D. LOMAX-SMITH:** I do not think you need to be an Einstein to recognise that the building was looking tired.

**Mrs REDMOND:** I thought you said you had kept it up.

**The Hon. J.D. LOMAX-SMITH:** Internally it is being kept up to the level that one would expect with ongoing investments, particularly the kitchen. You may not have eaten for a while at the Entertainment Centre, but I have to say it is really some of the best food you can find in town: it is very high quality. That is partly supported by the new kitchen infrastructure. There has also been investment in modern seating. Special fire retardant had to be added because the old seats were time expired in terms of fire retardant activity.

On top of that, there has been internal gadgetry put in place to make the place work. The shortfall in the design features relates to the external appearance, the entry statement which looks rather like an old-fashioned stadium rather than a high-class entertainment facility, the entry from the road and the difficulty of visually reading the car parking areas—it is actually quite difficult to access—and there is a difficulty in a certain size of activity.

As part of the review by the board (and I have to commend them for their work; this has been going on for over a year, I think) they did research and assessment across the country, they worked with their customers, and I think it is fair to say that whilst the customers are the people who have bottoms on seats in the auditorium, the very important customer cohort is actually the people who book the acts.

The people who book the acts are major international and national entrepreneurs and they need to have certain facilities and a level of comfort, and there was a view that there was a risk that we would miss out on some events. The sorts of events we mostly miss out on are the small catered events that might go in this new facility and the smaller non-arena events that are currently the ones that are missing out.

It is fair to say—and we have not said this previously—that the Entertainment Centre has been incredibly effective at getting all the big acts that come to Australia. There are very few that we have missed out on. We have also been very fortunate in the last year and that shows with the bottom line. We have been particularly fortunate because of the state of the dollar. Most acts, of course, are booked in North America, the UK or Europe and when the dollar is low we do struggle to get top-class events in Australia at all.

The recent touring regimes have been actually very positive and very full; we have done well and that is why the bottom line is so healthy. Having said that, the big arena events come but the ones that do not come are the smaller—I do not know that intimate is the right word for a 2,500 seat venue—but the medium-sized acts and we are missing out as a state.

They are not all ideally located in places like the Festival Centre. They do not all want a big stadium. They want that element that we were missing out on and the market research and the business modelling related to the external appearance, the entry statement, the modernity of the foyer, food outlets, comfort for entrepreneurs and acts, and the foreseeable risk.

I think it is fair to say that one expects a board of whatever facility it is to be forward-looking and look at the risks in the future, and I think that our board of the Entertainment Centre together with the executive has been forward-looking, and this investment is based on the work that they have put into the upgrade of the facility.

I might say that work on this site has been proceeding for six years, in fact. When we first came into government I recognised that there was an issue with this large facility that was ageing. I asked the board at that time to look at ways that it could masterplan for the future, to look at ways it could guarantee viability of the centre, and to look at ways the facility could be used better.

With all our stand-alone facilities, it is clearly true that the car park clearly was empty a lot of the time and that is why we have had upgrades, investment and additional development, and I think the Channel 7 development has been very good for the Entertainment Centre. It has been very good for the local Argentinean restaurant and it has been very good for the Governor Hindmarsh across the road.

It has enhanced the street, as has the investment around our landholding, and I think that the overall direction the Entertainment Centre is going in shows a degree of creativity in multi-use of the land, having good types of activity that synergise with the site, having the media and multimedia there, and the future direction will guarantee and secure the future of the centre.

**Mrs REDMOND:** I agree with everything the minister said about the shortcomings of the venue. I agree that it needs a better entry and a better aspect. Will the minister tell me what the market research says about how many more bums on seats there will be and what that means in economic terms for the centre; or is the upgrade based on the *Field of Dreams* theory of 'build it and they will come'?

**The Hon. J.D. LOMAX-SMITH:** Well, you might not want money to be invested in the Entertainment Centre but it would be unthinkable—

**Mrs REDMOND:** That is an unfair comment.

**The CHAIR:** Order! The minister listens quietly to your questions. She is entitled to make a response when you put comment in your questions. If you do not want comment in the answers, put no comment in the questions. It is a very simple formula.

**Mrs REDMOND:** It was not a comment.

**The CHAIR:** Order! I will not take debate.

**The Hon. J.D. LOMAX-SMITH:** The problem is that it would be unthinkable if South Australia did not have a good Entertainment Centre. I think it would be unthinkable. We worry that people might move interstate. We want South Australia to be exciting, to be a buzz and to be a fun place for young people to be. We cannot be any of those things without a good, modern Entertainment Centre. It is one of the pieces of infrastructure that any decent, vibrant town would have. We cannot afford not to maintain the Entertainment Centre.

The reality is that we have been through a significant planning process, a significant search for synergies and activities, and significant market research and assessment, and I personally feel very confident that this is money well spent.

**Mrs REDMOND:** How many bums on seats?

**The Hon. J.D. LOMAX-SMITH:** For young people and middle-aged people of this state we want those acts in Adelaide. We have been told by our research that events of that size are not coming to South Australia.

**Mr KIRCHNER:** I will answer the member's question in further detail. Essentially, the number of events and the number of people who attend events varies greatly from one year to another, based on the number of acts that tour Australia. Based on our business model, we are

expecting between 40,000 to 50,000 patrons in an average year. We utilised a new live entertainment venue. As you will see, the past history of the Adelaide Entertainment Centre's attendance varies substantially from one year to another. In part, that is because of the strength of the Aussie dollar and where that is at compared with the United States dollar, in particular. The answer to the question is that it is in the order of 40,000 extra patrons.

**Mr PENGILLY:** Before Mr Kirchner goes, I would like to take the opportunity to thank all the government officers from the Convention Centre, the Entertainment Centre and tourism for their assistance over the past 12 months and the information they have given freely to me. I am grateful for that, thank you.

In relation to the Convention Centre, I refer to Budget Paper 5, page 52. Last year a study was conducted in relation to the Adelaide Convention Centre and its need for expansion in order to be able to attract larger conventions/conferences to Adelaide. Can you advise what became of that study? Why, when I have been lobbied regularly lately by business calling for increased capacity, does it appear that no provision has been made in this year's budget for expansion?

**The Hon. J.D. LOMAX-SMITH:** It is essential for every body that manages or has custodianship of any infrastructure to always look to the future. As I have discussed with the Entertainment Centre, one expects boards and executives to work in this manner. Certainly, it is true that the investments made in the convention facility have been extraordinary. Some \$42 million worth of economic benefit came to the state in 2007-08 through events held at the ACC. We have consistently outperformed and generated wealth for the state in terms of this infrastructure. However, if you look at the Convention Centre, since the first one was built, they have been in place. There has always been immediate discussion and debate about what the next stage of investment should be.

The first Convention Centre was remarkably small—if you look at it now—and, in many regards, it was difficult in its design. For instance, it does not face the water; it has no vistas; it is quite difficult to navigate; and for anyone who has ever tried to find the lavatories it can be quite challenging as a building.

**Mr PENGILLY:** I can attest to that.

**The Hon. J.D. LOMAX-SMITH:** Yes. There were discussions about an expansion and I think that it is quite right and proper that we should look into those matters on an ongoing basis. Clearly, the convention sector is very competitive and I am very pleased that the board and the executive have looked at options for the future—and that is exactly what they should do.

**Mr PENGILLY:** Minister, that is the thrust of the question. It is my understanding, and you can correct me if I am wrong, that a study has been done out of last year's budget papers. However, as I understand it, nothing has come out of that. Where I am leading and why I have raised this question is because there does not seem to be a study. Where is it?

I was lobbied last week by a number of people who said that we used to have the newest and the biggest convention centre in Australia (and, as you correctly said, it was pretty small then), but now we have the oldest and the smallest. I want to know what the study produced. Where is the information out of last year's budget? Is there anything happening in this year's budget—which I have not been able to find—regarding the expansion and upgrading of the Adelaide Convention Centre?

**The Hon. J.D. LOMAX-SMITH:** No. As I told you, the board has looked at a series of options for the future—and I think that is quite proper.

**Mr PENGILLY:** So there is no study?

**The Hon. J.D. LOMAX-SMITH:** I am telling you that the board has investigated and examined the business and it has forward plans that it has been discussing.

**Mr PENGILLY:** So there is something there, but we do not know yet.

**The Hon. J.D. LOMAX-SMITH:** I explained that all facilities need a forward plan, a management process and a business plan, and I think that has quite properly been put in place by the Convention Centre.

**Mr PENGILLY:** Finally, minister, is it possible for the opposition to get a copy of the study that was done into the possible expansion of the Convention Centre? Is that document available?

**The Hon. J.D. LOMAX-SMITH:** I believe that the infrastructure plans, the future strategic plans and the business plans of our competitive institutional organisations around the state should

not be freely available. I think that there are investigations in every state by convention centres. I think it would be very inappropriate for confidential bidding documents or matters relating to a business plan in one of our organisations to be published.

**Mrs REDMOND:** Is there a current, settled plan for the board to expand or in some way revitalise the Convention Centre?

**The Hon. J.D. LOMAX-SMITH:** I told you that the board has investigated options, and that is its job.

**Mrs REDMOND:** Yes, I appreciate that. However, having investigated the available options, has it settled on an option? Presumably, if it has investigated the options there is more than one option.

**The Hon. J.D. LOMAX-SMITH:** No; I said that it has investigated a plan and it has looked at the future options for the building—and I think that is very appropriate.

**Mrs REDMOND:** Yes. It has looked at future options. Has it then settled on what options it is going to—

**The Hon. J.D. LOMAX-SMITH:** There has been no settled plan. There has been no decision. What has been really interesting, though, over the past several years is that there has been a very significant investment in the building and the environs. I am not talking about the new major development. There was a series of issues that needed to be dealt with. One of them, particularly, was about the accessibility of the building.

There has been ongoing investment that has come out of all the research and the deliberations by the board—for instance, the work around access. It is not a very permeable building. In fact, there was no wheelchair access from the riverbank. Through the work of the board we have invested funds in a lift which takes people up from the grass level. Money has been spent on stairs coming down to the riverbank. Investment has been made in making the entry statement more attractive. I do not know whether you have noticed the lighting effects, the new logo, or even the little coffee stands on the landing at the top of the escalator. They are all investments in improving the amenity of the facility. All those projects are worked out based on planning and a business plan, and that is what I expect the board to do.

**Mr PENGILLY:** I refer to the same budget paper as previously. Last week at the Australian Tourism Exchange it was explained to me that the Australian Tourism Exchange is coming back to Adelaide in 2010. Some of the people to whom I spoke said, 'It was good to have it in Adelaide, but it was pretty embarrassing for South Australia to have part of it in a tent on the lawn.' They could not fit everyone into the Convention Centre. Do we have a substantial plan to upgrade and increase the size of the Convention Centre in relation to an event the size of the Australian Tourism Exchange, which will come back in two years? I think it is a fair enough question.

**The Hon. J.D. LOMAX-SMITH:** I think it is a wonderful question—that you should meet someone at a party who suggests we invest money in something that will be a one-off event. That is not how plans are made. There has to be a meaningful business plan—not someone you meet at a party who suggests they do not like a tent. The reality is that the government is investing a substantial sum of money, as the member knows, to attract ATE to Australia in two years' time and we will be investing that money on the assumption that the event will occur. I think it would be polite for the member not to talk down Adelaide and describe it as an embarrassment, because we would like to market South Australia to the world and not have the opposition calling our ATE an embarrassment.

**Mr PENGILLY:** They were not my words; the minister knows that. I will move to the next question. I refer to Budget Paper 5, page 52, 'Government Enterprises: Adelaide Convention Centre Annual Programs'. The budgeted amount for annual programs at the Adelaide Convention Centre is \$2,073,000 yet the estimated total cost of these programs is not available. Can the minister please advise how this amount is arrived at?

**The Hon. J.D. LOMAX-SMITH:** I understand that there is a significant amount for replacement and common areas, but I will ask Mr Gilbert to speak to that.

**Mr GILBERT:** We do a five-yearly assessment of the requirements for asset replacement within the Convention Centre. That is an independent study, and has recommended an expenditure of \$2.073 million. The budget amount says \$1.4 million, but it is a carryover, which we can access with the Treasurer's approval.

**Mr PENGILLY:** I would now like to move on to the Tourism Commission. I welcome Mr McEvoy to his baptism of fire at these wonderful estimates committees. I am sure he has been here before, but not sitting at the front. I would like to turn my attention to the Tour Down Under. Let me place on the record the fact that I support the Tour Down Under. I have no objection to any facet of the Tour Down Under. I think it is a great Liberal initiative for South Australia. A Liberal government brought it in, and it is well and truly on the record that we support the Tour Down Under. However, there are a few things I would like to know about it and a few questions I would like to ask.

I refer to Budget Paper 4, Volume 3, page 9.10, sub-program 2.1: Tourism Industry Development. Performance Commentary', paragraph 9. With respect to the 2008-09 Tour Down Under, I note that extensive development has gone into communicating with the state's best bicycle riders to provide visiting cyclists for the Tour Down Under with more information on the best rides that connect host towns. Can the minister advise the amount of money that is being spent on providing this information? Is it value for money, and how is this proven? Can the minister advise how many cycling tourists will potentially use this information during the Tour Down Under?

**The Hon. J.D. LOMAX-SMITH:** I am glad the member supports the Tour Down Under. Of course, it has been enhanced and improved, thanks to the Rann government's investment and attention to detail in attracting the pro tour status.

This investment is very significant, because not only have we enhanced the opportunity for elite cycling in Australia by increasing the interest in elite cycling but for South Australia it is also particularly good that this year's event injected \$17.3 million into the economy and attracted over 15,000 event-specific visitors and generated 140,500 visitor nights. Over half a million people lined the streets, which was a 55.5 per cent increase on the previous year.

In terms of cycling participation, we have seen our Breakaway tours (currently called the Skoda Breakaway Tour Series) increase significantly year on year. These events, of course, mimic the events around the world. I understand the Tour de France has about 7,000 cyclists who follow one or more of the route days. Our event has grown so significantly that this year we intend to cap the entries into the day tour, which is from Burnside to Angaston. The full day's event is over 140 kilometres, but there are shorter events for people who are not quite fit enough for the 140-odd kilometres.

We are going to cap the entries at 5,000 people, and we are doing that in order to manage growth, because one has to manage growth safely. Of course, we choose the event in terms of it being the best elite challenge we can offer, and this day's racing will include several hills. I think it is wise that we have several choices for the less than totally elite cyclists, but 5,000 people will be involved on that day.

In addition, our investment in cycle tourism has included research capacity. We have funded conferences; we have invested in cycle trails; we market the Riesling Trail; and we invest in new infrastructure constantly. We believe that South Australia has significant capacity in cycle tourism. The latest investment I have become aware of is in Melrose, where there is a hill climb, which looked pretty terrifying to me. I walked up it, and I have to say it was pretty scary. Also, we have funded in our events suite the Fat Tyre Event in Melrose, which is a mountain bike event which is run collaboratively on the land owned by private property owners and the Department for Environment and Heritage.

So, we have a complete suite of cycle tourism activities: we have the recreational rides; we have the off-road competitions; we have touring holidays, which are marketed; and we have major holiday tours criss-crossing the state, which are marketed through the state. On top of that, we have the Breakaway series which I understand is the largest event run in South Australia for amateur cyclists and which is associated with fun days and family days. I think these events are growing from strength to strength. For me, the charm of these events—

**Mr PENGILLY:** The question was: can the minister advise—

**The Hon. J.D. LOMAX-SMITH:** Five thousand.

**Mr PENGILLY:** I beg your pardon?

**The Hon. J.D. LOMAX-SMITH:** I just said that it was capped at 5,000.

**Mr PENGILLY:** That is how many use the information? That is the question I asked.

**The Hon. J.D. LOMAX-SMITH:** I thought you asked for how many were involved in the Tour Down Under.



**Mr PENGILLY:** My question was: can the minister advise how many cycling tourists use the information during the Tour Down Under?

**The Hon. J.D. LOMAX-SMITH:** Well, I think the 5,000 people would have used the information, otherwise they would not have got to the start.

**Mr McEVOY:** Through the chair, if I could add to the minister's response: the *Where to Ride Guide* is a new initiative in 2008-08, and it probably does all the minister has mentioned about linking up not just the event itself but all the great tourism cycling experiences in the state. So, the *Where to Ride Guide* is a new initiative. A lot of that information is already available online. This is a guide we will use not just for the more than 15,000 event-specific visitors who come to this state but also, I think, for South Australians who are interested in cycling.

We do a lot of interstate and international marketing, and it will be a bit of collateral we can give out at events such as Around the Bay in a Day, which is held in Melbourne, where they get 12,000 riders. So, it will be both an information and, hopefully, also an inspirational tool to get people to come in the first place. So, it is a new initiative, and we will be able to give you the numbers once we have done it.

**Mr PENGILLY:** Thank you. I refer to Budget Paper 4, Volume 3, page 9.20: Cash flow statement, cash inflows, intra-government transfers. Minister, the Tour Down Under, an event, I repeat, established under the former Liberal government, has been a great success, but I have some concern about the growing cost of the event. This statement shows a line for intra-government transfers as a blank for the commission yet, at a meeting of the Southern Hills Local Government Association I attended on 20 June 2008 (last Friday) at Mount Barker, it was noted that the staging of the Tour Down Under involves a cost shift to local government of more than \$260,000.

I do not want to be misinterpreted: it was made very clear at the meeting that all the councils are strong supporters of the event. They did add that they receive no PR out of it, but Adelaide City Council does. They spent more than \$260,000 in supporting the event, and that included road closures, signage, support for the community and local businesses, and celebrating race starts and finishes. However, I have heard the minister point out the financial challenges faced particularly by regional councils.

Can the minister advise how much she expects local government to subsidise the Tour Down Under and why she is not funding the councils to help with the work they do to support the tour? So, each council is paying to be involved, yet they have additional costs on top of that, and the councils are grumbling. They were grumbling quite openly the other day, minister, and that is why I am asking the question.

**The Hon. J.D. LOMAX-SMITH:** The member must have a very short memory, because I recall from the original days of the Tour Down Under that there has always been a contribution by local government. The wheel has not been created and invented this week, it has been turning slowly on the bike for many years. He may not have noticed that.

It is interesting that the Tour Down Under brings event-specific tourists. They sleep in hotels, stay in bed and breakfasts, drink coffee, eat food, buy shirts, go into the local hardware store to buy things they have forgotten for their bikes, buy newspapers, go to the local chemist for their sun block and they invest money in regional economies.

If you were in France you would know that the Tour de France charges around half a million euros for a start or a finish to the local council, and the local councils spend that money in the knowledge that they will get a bonus of tourism. Gone are the days when local government did not understand what tourism was about. In the bad old days local government had no sense of the impact that tourism made to their economies.

I have to say that the Local Government Association and the councils of South Australia have turned around in their view of tourism, because they know that tourism means dollars, jobs, viable town centres, viable shopping centres and is a maintenance opportunity for otherwise quiet towns and a way of diversifying income. So, the notion that tourism is an impost is a nonsense. Local government is more modern, more enlightened and more credible than the member would have us believe.

**Mr PENGILLY:** I am not going to get into a debate with you on this, and I will ask the question at the end. However, let me tell you that it was not I saying this but the Local Government Association and those councils: the councils of Victor Harbor, Yankalilla, Alexandrina, the Adelaide Hills and Mount Barker. I was listening; I took it on board, and I was not the one grumbling about it.

The question that I asked at the end was: will the minister advise how she can expect local government, with all the financial challenges and everything they have had thrown on them, to subsidise the Tour Down Under? It is a simple question and it is a question that has come through from local government. Thank you, Acting Chair, I have finished.

**The Hon. J.D. LOMAX-SMITH:** I will repeat that local government gets a benefit from tourism. The government invests in tourism where dollars spread into regional economies. The previous government, and no doubt perhaps in the dim distant future should the member for Finniss ever be the minister for tourism, will be doing exactly the same thing. To say it is cost shifting is emotive and cheeky, and I am surprised at you.

**Mr PENGILLY:** Minister, it is not coming from me; I am sorry. It is on the record. The minister can have a crack but I am telling her that it is from them. I refer to Budget Paper 4, Volume 3, page 9.13—Program performance, program 3: Tourism events, net cost of program. I note that the budgeted figure for 2008-09 is \$14,916,000 compared with the budgeted figure for 2006-07 of \$11,360,000, and that the estimated result for 2007-08 is \$14,061,000, an overspend of \$2,701,000.

Will the minister advise how much of this overspend is attributable to the Tour Down Under 2008? Will the minister advise if the additional \$4,083,000 in this year's budget is for Tour Down Under 2009? Will the minister also advise the cost of luring European teams to contest our Tour Down Under? How did this state have to pay for the 84.5 hours of broadcast television programming, and what percentage of this was to overseas countries? I am quite happy to repeat the questions, because I rolled several into one.

**The Hon. J.D. LOMAX-SMITH:** I am actually somewhat surprised that the member for Finniss should call any expenditure on tourism an overspend, because investment in tourism—

**Mr PENGILLY:** I cannot recall me saying that, minister.

**Mrs REDMOND:** It was beyond budget.

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

**Mr PENGILLY:** It is over budget.

**The Hon. J.D. LOMAX-SMITH:** I do not believe that investment in tourism is an overspend. It is money well spent. It generates economic returns.

**Mr PENGILLY:** It is over the budget; that is what the question is.

**The ACTING CHAIR:** I remind the member not to interrupt the minister while she is speaking.

**Mr PENGILLY:** It is a bit hard not to.

**The Hon. J.D. LOMAX-SMITH:** The end result of any year is a balance between underspends and overspends, if you like, but investing extra in tourism is a good way to spend money and something that I would always argue for. The reality is that at the end of the recent year there were funding decreases because sponsorship had ended. As you know, the Men's Hardcourt Championships had ended. There was a decrease because we no longer had the Australasian Masters Games. Much as one might mourn that fact, it is hard to fund an event that is no longer occurring, because one only funds it in advance.

There was a decrease relating to the World Police and Fire Games, but there was increased sponsorship of WOMADelaide. It was the year that bore the Tasting Australia event and the Panasonic World Solar Challenge. There were increases because there was also Tennis Challenge, which was a new event, and increased support for the pro tour. So, it is a complex balancing act, but the end result is good news: more money for tourism, more money for marketing, more tourists, more bed nights, more restaurant meals and more hotel rooms.

**Mr PENGILLY:** It is interesting to note that there was only, as I understand it, a 3 per cent increase in the budget and that compared to other states we are down the gurgler. I refer to Budget Paper 4, Volume 3, page 9.13—Program performance, program 3: Tourism events, net cost of program. How much is the state government spending on accommodation for the cycling teams for the Tour Down Under as part of its sponsorship?

**The Hon. J.D. LOMAX-SMITH:** I would just point out that once again the member is talking tourism down. I think 'down the gurgler' is a very insulting way to describe what is really a buoyant tourism sector in South Australia. It is worth remembering that the domestic overnight

expenditure in South Australia in the 12 months ended March 2008 was \$2.9 billion, up 8 per cent on a year ago, with regional SA up 12 per cent, whilst national domestic overnight spending was only up 4 per cent. I have to say that the member never stops talking them down, and here he goes again—'Down the gurgler'. You wonder why anyone would invest in South Australia. We manage to attract investors into new hotel developments and the opposition spokesperson says, 'Down the gurgler'. Please just refrain, because it may appear attractive from where you are sitting but it is very bad for the economy.

**Mr PENGILLY:** Minister, through you Mr Chair, you have failed to answer the question.

**The CHAIR:** Order! As I said before, you cannot expect to make running commentary as you go along, asking questions and then expect the minister to sit in silence and not respond. You cannot have it both ways; either you accept the response or you do not make them. It is that simple. Of course the minister will respond and she will defend herself; we are all politicians.

**Mr PENGILLY:** The question I put to the minister is the same reference. How much is the government spending on accommodation for the cycling teams for Tour Down Under as part of its sponsorship? It is not putting down tourism; it is a simple question.

**The Hon. J.D. LOMAX-SMITH:** That is a straight question and we are able to answer that. I point out that these are elite sportsmen. They are not going to stay in tents; they have to sleep in hotel rooms. However, I will ask Mr McEvoy to respond.

**Mr McEVOY:** I will have to come back with an exact number. It is a big sponsorship; the Hilton is the major sponsorship partner and it gives us an incredible rate for the month of January. However, we do host the riders and their team management at the Hilton for that period of time, so there is a cost to the government, but it is greatly reduced based on the sponsorship with the Hilton.

**Mr PENGILLY:** Thank you, Mr McEvoy; I look forward to the answer to that question with interest. I refer to Budget Paper 4, Volume 3, pages 9.1 and 9.17, South Australian Tourism Commission: Workforce Summary and Income Statement Expenses. In the workforce summary the estimated result for 2007-08 notes that the number of full-time employees (FTEs) is 189 and the 2008-09 budget states that the total number of FTEs is 188. However, there is an increase in salaries, wages and leave of \$215,000 in the 2008-09 budgeted amount. Can the minister advise why there will be one less employee and under what salary bracket that employee was paid?

**The Hon. J.D. LOMAX-SMITH:** There has been a fluctuation in the FTEs because we have changed the way we have employed regional marketing officers over the past three years. There has been a rise, so the numbers do not actually reflect what happens in head office. Two or three years ago, I think, we chose to employ regional marketing officers online and have reporting lines going through to the SATC because we thought we would take responsibility from struggling local governments, who were challenged to manage their staff. We managed it much more easily because it is our core business to manage tourism marketing offices. So, the first background issue is that the numbers rose because of that. I think perhaps Mr McEvoy can explain the salary of one of the 186 staff.

**Mr McEVOY:** It would be hard to know exactly who that staff member is; we currently run at about 175.6. Can I ask, through the chair, for clarification from the member? Then I will attempt to answer the question.

**Mr PENGILLY:** I will clarify the question and you can take it on notice.

**Mr VENNING:** I refer to Budget Paper 4, Volume 3, page 9.14, Program 4: Tourism Marketing. Can you advise how much of the \$32,767,000 for tourism marketing will be spent on marketing River Murray destinations in South Australia? According to a survey commissioned by SA Tourism, tourism operators in the Riverland have lost an average of 20 per cent of their business as a result of the drought and low water levels.

**The Hon. J.D. LOMAX-SMITH:** I thank the member for his question. Clearly the River Murray has had a difficult period, and one of the areas of concern is the adverse publicity the area has received relating to the sort of media coverage that newspapers and television stations have carried. Very often they talk about rainfall and drought, and show dry creek beds as the visuals—which quite incorrectly implies that the River Murray is dry. Anyone who understands how the river works knows it is a lock system; it is not dry, and there are many businesses that have fabulous products and holidays available.

We are quite aware that it is hard to reverse that negative publicity. We have made a point of publishing and advertising messages that say the river is open for business, and one of the things we have done in this line is to have webcams set up so that water can be shown when people are either online or looking at websites related to river holidays. We have worked with Keith Conlon as an advocate of the River Murray, and we have used radio and television to draw attention to the fact that the river is open for business. We have worked with Channel 9, and we have managed to get stories into some news and current affairs programs about the amount of water in the river and that it is, in fact, open for business.

I am delighted to say that *Postcards* on Channel 9 and *The Great Outdoors* on Channel 7 have both featured River Murray holidays, and we have broadcast a whole series of advertisements to publicise the fact that the river is open for business. We have had showcases and marketing activities in Rundle Mall, we have run competitions in the *Sunday Mail*, and we have also used Qantas magazine activities in Goolwa to publish stories about the river. As well as these planned activities, throughout 2008 we have also run a specific campaign working with the Houseboat Hirers Association called 'Recharge on the Murray River'.

We continue to heavily market the river in overseas markets, and I have to say that the largest and most coherent market for the river is the New Zealand market. It might not be apparent, but that is one of the great beneficiaries of the extra flights, the relationship with Air New Zealand, and those brilliant inbound flights—and we have had a significant increase in international flights coming to Adelaide in the past six years. One of the regions with the best flow-on effect (if you will excuse the pun) has to be the River Murray, because the New Zealand tourist demographic and market research shows us that they absolutely love the River Murray, and that product is still selling well in that market. I agree that it is hard to reverse adverse publicity that has been coherently, persistently, negligently and ignorantly put out by the media, always talking about the drought and showing dry creek beds—not true. Mr McEvoy may be able to add more.

**Mr McEVROY:** It is hard to put a number on it, but it is significant as part of the total marketing fund. We have put a lot more priority into it because of the issues the minister outlines. Pardon the pun, but it is going against the tide to try to change perceptions of consumers who see the media reports of dry river beds, which are often in the Darling Basin and not the Murray, which has enough water in it to have fantastic leisure experiences. At the top part of the Murray in particular the water laps up against the side—it is fantastic—but, as the minister pointed out, we have done a lot of work with great local personalities like Keith Conlon, James Brayshaw and others, and we have spent a lot more time, money and effort through PR marketing campaigns, and so on.

The Houseboat Hirers Association, the expedition boats, the paddle steamers, the houseboat operators and the land-based people have been really pleased with the efforts, because they have seen at least that tide turn a little, but again I do not think we will see a lot of change nationally and globally until it rains and the perception changes. The other big bit we are doing, which the minister did not allude to, is putting a lot of money, time and effort into infrastructure along the river and helping them with short-term issues around marinas and areas that need dredging. We also have some great applications for future land-based accommodation up there. We want to invest in the river now, with the optimistic view that it will rain, the river will come back and it will do really well as a destination.

**Mr VENNING:** Continuing on the same line of tourism in the Barossa, I attended a workshop a couple of days ago that Tourism SA organised. The issue of access to our key tourism areas keeps coming up: how do people get there or know how to get there? We have been hammering the issue of the wine train or a passenger train. Is there any ongoing work happening in relation to getting a guaranteed, sellable way of getting up there via train? Have we been futuristic in looking at an airport that is able to get smaller airlines in? I refer to people looking to fly from Alice Springs. They do not have the time to fly to Adelaide and spend an hour and a half in the car—they are overnighters. It has been talked about over time. If you are really chasing it, we should not overlook that. I am referring to Budget Paper 4, Volume 3, line 1.4.

**The Hon. J.D. LOMAX-SMITH:** There are some small regional airports. I can name only the Sir Hubert Wilkins international airport at Peterborough.

**Mr VENNING:** Jamestown.

**The Hon. J.D. LOMAX-SMITH:** I apologise. There are certainly small airstrips around regional South Australia, but they are best suited to private planes, and it may not be a good way to invest money trying to get cheap short flights. After all, there is considerable distress within the

airline industry. We have seen the impact of reduced flights on the Queensland coast. We have been protected to some extent from those cuts because of our strong commercial and business airline travel routes, but I do not believe that I have heard of any plans to introduce commercial flights to the Barossa, much as the honourable member might want them.

**Mr McEVOY:** Airports are hard to stack up in most places, and being an hour and a half out of Adelaide it is tough. However, I agree that access is the key to all destinations, and the member from Kangaroo Island and the Fleurieu knows that very well with KI. We are still talking to the owner of the Barossa train, John Geber. He has just had a slight change in ownership: he had a partner who has now sold out completely to him and he has some ambition for it. We will keep that going. You are right: access is a big issue in tourism, whether that be through an airport, better rail access or better tour companies out of Adelaide who do the job more consistently and often.

**Mr VENNING:** We have all been tourists ourselves. When you get to a place you need to know how to get there. In this instance it does not happen. I know the bus service is reasonable, but I do not give it a AAA rating.

**The Hon. J.D. LOMAX-SMITH:** The honourable member has asked with such charm and struggles to find holiday destinations. We are happy to give him our new brochures with opportunities and ideas for weekends away, good routes and ways to get there. We are happy to help him with his holidays.

**Mr PENGILLY:** I refer to Budget Paper 4, Volume 3, page 9.6, South Australian Tourism Commission strategic advice, summary income statement, expenses, grants and subsidies. The estimated results for 2007-08 for grants and subsidies is \$200,000, and the budgeted amount for 2008-09 is some \$43,000 down at \$157,000. Will the minister explain why this amount continues to be cut in subsequent budgets from an actual figure of \$363,000 in 2006-07, and what justification is there for such cuts? Further, what programs and organisations will suffer under those cuts?

**The Hon. J.D. LOMAX-SMITH:** I will ask Mr McEvoy to answer.

**Mr McEVOY:** We understand (but I will check to make sure) that it is part of a program that our planning area (David Crinion's area) has been running with regional councils to do regional plans. We are getting through the program, which is why there is a reduction. We partner up with councils to do a regional tourism plan. We are getting to the point where we have almost got them all done. I understand that the reduction is that we are getting close, but \$157,000 would give us three new plans for this year. I think we would then have one more year of plans and we would be complete. It is part of a three to four-year program where we are getting through all the regions to do a joint regional plan.

The way in which the partnership tends to work is that we put in half and the councils find through their resources the other half, and collectively we put a tourism plan together for that region. Barossa and Light was a classic example.

**The Hon. J.D. LOMAX-SMITH:** The answer is that this is not a cut. No-one will suffer. Every council will have one.

**Mr PENGILLY:** That is fine. Given Mr McEvoy's explanation, rather than run the figure down, when you get the last one done will it be time to start again? Would you be better maintaining that line?

**The Hon. J.D. LOMAX-SMITH:** My understanding was that the plans were for five years.

**Mr McEVOY:** Yes, it is five years. We are trying to align them with the State Tourism Plan, which goes out to 2014.

**Mr PENGILLY:** I refer the minister to Budget Paper 4, Volume 3, page 9.7 with reference to the South Australian Tourism Commission, subprogram information, policy and planning and net cost of subprogram. Minister, the net cost of the subprogram is budgeted at \$1,007,000. Again, this is a reduction of the estimated result for 2007-08 and the budgeted amount for 2007-08. Under 'performance commentary' in paragraph 3, it is stated that work will continue on the Industry-Government SA Tourism Plan 2009-14. Will the minister advise how much money has been budgeted for this process over the period, both until its release in January 2009 and the monitoring program thereafter?

**Mr McEVOY:** It is not an expensive exercise. It requires a lot of head hours for us to do it. It has been a great process so far. We went online and surveyed about 350 tourism operators, who brought to the surface the issues for tourism going forward between 2009 and 2014, and from that we issued a discussion paper around the big issues. We have had more than 400 downloads of

that, which just shows how passionate and interested industry is in the future. Since then we have now run, I think, nine expert panels. The money actually goes into time and effort of our staff to make sure we do this stuff.

The bigger costs, I think, will come into the future, which will be incorporated into what we do which is measuring the plan once written. The aim is to have the plan written as a draft by August/September and released to the industry by December, with a view that we hit the ground running from January on.

**Mr PENGILLY:** I refer to Budget Paper 4, Volume 3, page 9.7 with reference to the South Australian Tourism Commission, subprogram information, policy and planning and net cost of subprogram. The performance commentary reports that three Minister's Tourism Round Tables were held during 2007-08. Will the minister please advise whether further round tables will be held in 2008-09; and, if so, how many will be held, and how much has been budgeted to stage round tables this year?

**The Hon. J.D. LOMAX-SMITH:** I am pleased to tell the honourable member about round tables. I do not believe there is a specific budget line. They are a discussion group and are quite economical to run. I do not know whether the honourable member is of the view that this is a waste of funding, but I think it is a very important way to bring the industry to the table. We have 80 members at the round table. They comprise operators, industry leaders and influential players, as well as leaders of particular groups and representatives of local government, regional bodies and state government agencies.

A lot of the discussion relates not only to how to resolve problems and issues across government borders but also how to work together collaboratively. The honourable member will understand that the State Strategic Plan is not a government of South Australia state strategic plan: it is actually a State Strategic Plan that relates to all industry. Clearly, the government alone cannot drive the tourism targets in the State Strategic Plan: they require effort and collaboration from industry leaders. We have discussed a range of issues, and much of our new direction as we go through the year is predicated by the input of the members of the round table.

For instance, the \$2.1 million is our largest investment in a winter marketing campaign. I must say that I am somewhat puzzled by the member for Finniss, who continually says that marketing dollars are falling. On 29 April on radio, the honourable member said:

It's been run down in the millions over the last few years. Haven't got an exact figure but I think it was cut last year by \$600,000.

Let us just point out on the record that the tourism marketing budget in 2006-07 was \$26.275 million and in 2007-08 it was \$28.958 million (an increase). The round table process has helped us work on the thinking behind the winter campaign, it has worked on the tourism plan and it has been involved in developing nature-based and culture-based tourism, recognising that it is the fastest growing sector. We have engaged members in discussions to look at everything from marine parks through to workforce planning. During 2008-09 we intend to continue having discussions with the industry. We will continue to have working parties who work up particular projects for action.

Our working groups have included sustainability as a competitive advantage (which we established last August), and we have also had working parties to relate to the winter campaigns, as well as workforce planning. The matter is not, I think, easily teased out of the budget lines, but we estimate that the round table will cost \$6,000 in the next year.

**Mr PENGILLY:** How many will be held?

**The Hon. J.D. LOMAX-SMITH:** We think there will be about four, but we have many ongoing working groups between meetings.

**Mr PENGILLY:** I refer to Budget Paper 4, Volume 3, page 9.7 with reference to the South Australian Tourism Commission, subprogram information, policy and planning and net cost of subprogram. I refer to 'performance commentary', paragraph 5'. The Climate Change Sustainability as a Competitive Advantage working group has reported progress on an overall strategy, including the marketing of South Australia's sustainability credentials. Can the minister advise whether this working party will continue this work; if so, at what cost?

**The Hon. J.D. LOMAX-SMITH:** I would have thought that the member would realise that there are risks in the tourism sector relating to sustainability. I think that our wine industry is at risk in Europe and in North America, as is—

**Mr PENGILLY:** On a point of order, the question was: can the minister advise whether the working party will continue to work and, if so, at what cost? We do not want some blah, blah, blah answer. Quite frankly, it is a simple question.

**The CHAIR:** I do not uphold the point of order at all. The minister was beginning to answer the question, and she was giving a detailed answer. I do not know what else she can do.

**Mr PENGILLY:** Answer the question.

**The Hon. J.D. LOMAX-SMITH:** I was setting the scene for the point that this is a very important issue.

*Mr Venning interjecting:*

**The CHAIR:** Order! You were doing so well, Ivan.

**The Hon. J.D. LOMAX-SMITH:** Can I continue? I think that this is a really important political and economic issue, because there is a body of opinion in Europe that long haul travel is a scourge and a risk to the environment. There is a view that buying Australian wine is an economic, social and environmental risk. There is a push by some sectors in England and North America not to buy Australian wine, because of the wine miles, and not to fly to Australia, because of long haul travel.

In order to compete in this environment, it is essential that South Australia, which is a niche market and a long haul market, can promote itself as sustainable. I think our government has a good story to tell about sustainability. Per capita, we have the highest rate of grid-connected wind power and solar power. We are the first place to have feed-in-laws. We have sustainability laws that require industry to form agreements.

We also have a clean green food and wine industry whereby, even if our wine does travel to Europe, I suspect that it is produced under far more sustainable conditions than those in many other wine producing regions. We can promote South Australia on the back of our green credentials, driven by the Rann government, the Premier and the fact that we are probably at the cutting edge of most legislative reform and investment in the world.

On top of that, we have to promote our products. Whilst the previous Liberal government would not work on this agenda, South Australia has always led the argument about sustainability in tourism. Our working party, which is due to report in July, will come forth with a series of discussion points on how we market sustainability and how we can promote South Australia as a sustainable destination and the sorts of products we can sell in terms of accreditation.

We did not speak about this in relation to the Convention Centre, but it has led the way in sustainable and green products for the convention industry. It sells conventions based on green products. It has worm farms, it recycles food and it is highly sustainable. I believe that South Australia can credibly market its products.

I keep saying this, and it may be somewhat hyperbolic in its claim: my argument is that you could switch off your air conditioning in London, fly to Australia and live in a hotel in Adelaide, knowing that we have feed-in laws and sustainable energy production. At the end of the day, your food miles would be shorter because you need not eat or drink any food or fine wine that has travelled more than 50 kilometres. I think that we have a good story to tell, and I am optimistic that, when the round table working party reports in July, it will show us the way forward and we will continue to be leaders.

**Mr VENNING:** I now place on record the following 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 2007-08 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 will there be at 30 June 2008, 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 2006-07 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2007-08?

5. For all departments and agencies reporting to the minister, what is the estimated level of under expenditure for 2007-08, and has cabinet already approved any carryover expenditure into 2008-09? 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 sub-category 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 2008; and
- (ii) between 30 June 2007 and 30 June 2008, 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 2006-07 and 2007-08, 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, will she list the total amounts spent to date on each project?

**The CHAIR:** Given that there are no further questions, I declare the examination of the proposed payments for the South Australian Tourism Commission and the Minister for Tourism completed.

At 17:11 the committee adjourned until Friday 27 June at 11:00.