

HOUSE OF ASSEMBLY
Friday 8 October 2010
ESTIMATES COMMITTEE B

Chair:

Mr T.R. Kenyon

Members:

Hon. S.W. Key

Mr S.P. Griffiths

Mr L.K. Odenwalder

Ms R. Sanderson

Mr A.J. Sibbons

Mr D.C. van Holst Pellekaan

The committee met at 09:01

DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT, \$61,378,000

Witness:

Hon. A. Koutsantonis, Minister for Industry and Trade, Minister for Small Business, Minister for Correctional Services, Minister for Gambling.

Departmental Advisers:

Mr L. Worrall, Chief Executive, Department of Trade and Economic Development.

Mr L. Bruce, Deputy Chief Executive, Department of Trade and Economic Development.

Ms A. Allison, Director, Corporate Services, Department of Trade and Economic Development.

Mr P. Polychronopoulos, Chief Finance Officer, Department of Trade and Economic Development.

Mr M. Sinkunas, Director, Small Business and Regional Development, Department of Trade and Economic Development.

Mr R. Malinauskas, Chief of Staff, Minister's Office.

Mr J. Trezise, Ministerial Adviser, Minister's Office.

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

The Hon. A. KOUTSANTONIS: We have.

The CHAIR: Good. I assume it is all sorted. Changes to the committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date it must be submitted to the committee secretary by no later than Friday 19 November 2010. This year the *Hansard* supplement, which contains all estimates committee responses, will be finalised on Friday 3 December 2010.

I propose to allow both the minister and the lead speaker for the opposition time to make a brief opening statement—and I like brief ones. There will be a flexible approach to giving the call for the asking of questions based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may, at the discretion of the chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to

complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*.

There is no formal facility for the tabling of documents before the committee; however, the 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 in nature and is limited to one page in length. All questions are to be directed to the minister and not the minister's advisers, and 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 for filming from both the northern and southern galleries. I declare the proposed payments open for examination and refer members to Portfolio Statement, Volume 1, Part 2.

The Hon. A. KOUTSANTONIS: Thank you, Mr Chair. I grew up in a small business environment. My earliest memories are of my family running a small business. Having known the fears and pitfalls of running a small business, it might have surprised people that I was drawn to the side of politics that I have been, but the truth is that small business is a tough job and an industry where people are generally time poor and are working very hard to fulfil their dreams. This government recognises that small businesses are an important and significant element of our South Australian economy. By building a stronger state economy the government has assisted all sectors of the economy and this state has recorded strong annual growth of 5.4 per cent in real terms for state final demand in the year to the June quarter 2010—above the national growth rate of 5.3 per cent.

Given my background in small business, I know that this government understands that small business can often face a range of challenges (and I am glad the member for Goyder is on the committee because when he served under me on the Economic and Finance Committee we investigated franchises). That is why I announced the establishment of a small business commissioner last Friday, 1 October. The new commissioner will be a key component in assisting small businesses, including the franchise sector, with an alternative dispute resolution service to make resolving of business to business disputes more timely and cost effective than the traditional legal avenues.

The government intends to establish this system, which will be leading edge in Australia, and will take the best components of the very successful models that have been operating in Victoria for seven years now—saving small businesses there of the order of \$200 million—but tailoring it to South Australian needs. The new small business commissioner will be an independent statutory office holder and have the following key functions: to ensure the fair treatment of small businesses in their commercial dealings with other businesses in the marketplace; to receive and investigate complaints by small businesses regarding unfair market practices and mediate between the parties; to investigate compliance with industry codes; and to resolve retail tenancy disputes between small businesses and landlords.

I will refer briefly to budget measures. We wish to continue to make South Australia a competitive place for small business to operate, and following the GFC the government is committed to returning the budget to a sustainable position. The 2010-11 capital program will be \$3.6 billion, supporting 12,000 FTE jobs in 2010-11 alone. Small business is positively impacted by such economic activity. An amount of \$6.3 million over four years will be committed for new programs to support the state's manufacturing industries, many of which are small businesses. A \$1 million per annum small and medium enterprise (SME) investment development program will provide assistance to SMEs to generate and/or accelerate new capital investment to assist diversification and competitiveness of enterprises in growth industries. Additional training places will deliver an additional 100,000 places over the next six years so that skilled workers will be available to meet demand. These initiatives will build upon previous actions of the state government.

Of course, members to my right will know of the dramatic drops in pay-roll tax thresholds that have been achieved in South Australia, and those small businesses above the tax-free threshold had their pay-roll tax reduced by 5 per cent in 2008-09 to 4.95 per cent in 2009-10. South Australia's average WorkCover levy rate remained at 3 per cent in 2009-10, and from 1 July 2010 most South Australian employers paid less in levies to WorkCover. Most industry levy rates have been reduced due to a combination of the redistribution of money from the bonus penalty scheme and a reduction in the average levy rate from 3 per cent to 2.75 per cent.

In conclusion, there are many challenges for small businesses going forward. Continued globalisation of the economy, potentially higher interest rates, the residual effect of the drought and skills and workforce issues impact directly and indirectly on small business. There are over \$70

billion worth of major projects in the pipeline that are opportunities for small business. The Economic Development Board's forecast average annual income growth of 3.4 per cent and jobs growth of 1.7 per cent in the six years to 2015-16, all creates demand for goods and services from small business.

In this context the government will continue to work to support the development of a strong economy. It can take advantage of opportunities post the global financial crisis and will continue to work to attract further investment and create robust circumstances for the maximum development of small businesses so they can continue to be viable and a valued component of the economy of South Australia, and I look forward to the member for Goyder's support on legislation for the Small Business Commissioner, given his robust support for it on the Economic and Finance Committee.

Mr GRIFFITHS: I will make a brief opening comment. I do respect the background of the minister and the perspective that he brings to it and the fact that small business has been a part of his life for all of his life. In my case, with my parents, one side was a farming family, the other side hotels, so I suppose from my formative years small business has been associated with me also. I have not worked in small business or operated a small business, but certainly the majority of my school friends in the wider circle now operate small businesses. Having lived in regional communities which are based around small business opportunities, it has been part of my focus for many years, so I am very pleased to have this shadow portfolio.

The great concern for me is that the level of support that needs to be provided in small business coming out of the global financial crisis, which you referred to, and in the regional areas the drought situation, might not be there to the level that it should be. So there will be some questions posed about that.

I also have some concerns in regard to the expansion that occurred in the Australian economy after World War II and the baby boomer generation and the businesses that were established then, and indeed the difficulty now of going into that third generation of business proprietors. That is where some of the greatest challenges exist, because the first and second generations absolutely worked their butts off to actually have some level of success, but the next generation might not have the same work ethic, or indeed the desire, to make a success of that.

So that is where there is a need, importantly, in metropolitan and regional areas for mentoring and support for small business. The questions that I pose today will only be based around the need to ensure that level of support exists.

Minister, given that you raised the Small Business Commissioner in your opening comments—and I do not have a reference point because it is a post-budget announcement—can you confirm the level of resources that we have provided to the commissioner and for how long it is intended at this stage for that position to be available?

The Hon. A. KOUTSANTONIS: Briefly, on your opening statement, I fundamentally agree with you about the importance of supporting family businesses and the transition from generation to generation. That is one of the most significant problems and tasks we face in this state.

I have said this many times: we have many small business family icons in this state: Cooper's, Haigh's, Balfour's, a lot of companies that have been traditionally owned by South Australian families. That transition can be very difficult and that is what I want to try and get right, but I also want to know: where are the new icons? Where are the new great success stories? I think that is what we have to get right as well. We need to be able to focus on those new and emerging small businesses and also help in transition. There comes a point where these are, in fact, businesses decisions made by private entities, and the government can only do so much, so there is a fine line for us to walk there.

In terms of the Small Business Commissioner, the reference you may be looking for is Budget Paper 4, Volume 1. On 1 October I announced the establishment of a small business commissioner, which provides a legislative-based dispute resolution service for South Australian businesses. This new approach will provide a timely and cost-effective method for dispute resolution, including those regarding franchises. A South Australian small business commissioner would have legislative authority to investigate alleged unfair market practices and refer a dispute to mediation. This would include franchising disputes. The commissioner would be an independent statutory officeholder with responsibility for facilitating the resolution of disputes between small businesses.

Their functions will be as follows: to ensure the fair treatment of small businesses in their commercial dealings with other businesses in the marketplace; to receive and investigate

complaints by small businesses regarding unfair market practices and mediate between the parties; to investigate compliance with industry codes; and to resolve retail tenancy disputes between small businesses and landlords—and I think probably the most stressful aspect of small business is their retail tenancy agreements because it is about, first, goodwill and what that is worth, and, secondly, the continuation of the business.

In relation to franchising, the proposed legislation will create a regulatory framework to guard against unconscionable conduct and unfair contract terms to uphold that good faith and fair dealing be adopted by the two parties during all franchise negotiations. I am advised that, in terms of funding, there will \$1 million per annum from 2011-12, and in 2010-11, the funding will be—

Mr BRUCE: It will be less, depending on when the legislation is passed and the establishment of the office.

The Hon. A. KOUTSANTONIS: Yes.

Mr GRIFFITHS: So, legislation is required to allow for the appointment of the commissioner then?

The Hon. A. KOUTSANTONIS: Yes.

Mr GRIFFITHS: Well, there is probably not much more you can tell me at this stage.

The Hon. A. KOUTSANTONIS: Are you interested in the job?

Mr GRIFFITHS: No. Having sat with you, minister, on the Economic and Finance Committee on the franchise investigation—

The Hon. A. KOUTSANTONIS: Well, you served under me.

Mr GRIFFITHS: Yes.

The Hon. A. KOUTSANTONIS: That's a joke.

Mr GRIFFITHS: Minister, I will start off, then, with some of my prepared questions. I refer to Budget Paper 4, Volume 1, page 2.20, Small Business Big Impact. Can the minister confirm that Small Business Month will occur beyond this year? My understanding is that in previous years the budgets have referred, as part of the commentary, to the performance of the previous year and to the targets for the following year. The budget this year, as I understand it, talks about October 2010 as Small Business Month, but I cannot see any reference necessarily to future years. Is the minister able to give a commitment that Small Business Month will occur in future years?

The Hon. A. KOUTSANTONIS: No, I cannot. My view on Small Business Month is that every month should be a small business month. While it is wonderful that we celebrate small businesses and hold events to celebrate the diversity of small businesses in South Australia, I would much rather use resources to establish a regulatory framework around which small businesses can operate fairly and have the protections they seek.

In different economic times, perhaps Small Business Month would be a very, very good idea, but I think economic times have changed. I would much rather withdraw support for a staged event for Small Business Month for something like a small business commissioner. If the streets were paved with gold and there was endless amounts of money then, yes, I think Small Business Month is a fantastic idea. It is a great idea to recognise the hard work of mums and dads in all those small businesses who have put so much time and effort into running a small business but, ultimately, my job, your job and the parliament's job is to give them two things: certainty and a regulatory framework that protects them.

If you asked small businesses—and this is a big leap of mine and probably a bit unfair—I think that most small business operators would say, 'I would much rather have a small business commissioner to avoid my having to court to mediate my problems and disputes, and I would much rather have franchisees being protected than a month celebrating small business month.'

So, in the budget, DTED has withdrawn funding for Small Business Month to fund initiatives such as a small business commissioner. We have listened to small businesses, and they say that they want the government to help their making running their businesses easier. As I said earlier, we celebrate small businesses continuously, not just once a year.

I am advised that Small Business Week was first introduced in 2005 at the suggestion of the BDC and that the initiative was continued and expanded to run for a full month. I launched it on 1 October 2010 in the Central Market. It was my first one as small business minister. Progressively

more and more organisations support Small Business Month, and I understand that there could be an interest and a scope for increased sponsorship for Small Business Month from others. Perhaps it could be something that bodies like Business SA can get involved in and sponsor; maybe an organisation like the MTA or other organisations or associations that support a lot of small businesses could step up, pick up the mantle and run with Small Business Month. I understand that New South Wales small business events are financially operated primarily by sponsors. My view is that it is money that is probably better spent elsewhere.

Mr GRIFFITHS: Minister, thank you for the answer. I take it from the fact that you cannot give a commitment means: has a definite decision been made yet not to proceed with it? It sounds like it has.

The Hon. A. KOUTSANTONIS: I said yes before.

Mr GRIFFITHS: But you have also talked about opportunity for sponsorship as in other states that do that. Has part of your decision, therefore, been for the Office of Small Business to liaise with associations like AHA, MTA and Business SA to consider that level of support? Indeed, what level of support would be required to backfill what has now been withdrawn?

The Hon. A. KOUTSANTONIS: That level of support will be worked out by sponsors and interested parties who would wish it to continue. Obviously, the Office of Small Business would take a keen role in making sure we can do some sort of event. My primary focus is on offering a regulatory framework for small businesses to function fairly. It is a good event, there is no doubt about it: the kids get balloons, we all wear little badges that say 'Small Business Month—Value your small business', and small business traders like the attention. If we launch it in the Central Market, they like it there. They like it when we have the events all around Adelaide, and they think it is fantastic to recognise small business, but there are over 100,000 small businesses in South Australia.

Mr GRIFFITHS: 135,000.

The Hon. A. KOUTSANTONIS: Exactly, 135,000; some people say 140,000.

Mr GRIFFITHS: Do they?

The Hon. A. KOUTSANTONIS: Yes. The truth is they are time poor. They are working day and night, often in very stressful situations, and what they are looking for from their state government is not necessarily helium balloons. They are looking for recognition every day of the year, and I think that is what we are offering them now. I think the appointment of a small business commissioner is recognition of the hard work and dedication the people concerned. It means that we are there with them side by side to try to make sure that they do not have to end up getting a lawyer and go to court to resolve disputes; they can have mediation. There is an alternative and there is someone there caring about the franchisee who is in it above his head. You and I both heard the stories of family break-ups, family homes being repossessed, the stories of suicides—devastating, terrible stuff. I think a small business commissioner is far more important than Small Business Month.

Mr GRIFFITHS: I refer to Budget Paper 4, Volume 1, page 2.16. Minister, can you confirm if funding through the Small Business Development Grant for the southern suburbs of Adelaide, which in previous years has been in the vicinity of some \$5 million, will be available in the 2010-11 financial year and in future years?

The Hon. A. KOUTSANTONIS: I am advised that is a budget measure under industry and trade, rather than small business. So we can do one of two things: I can answer that for you now, but I assume you will be in the industry and trade session. Do you want to do that now?

Mr GRIFFITHS: No, I have plenty of other questions we can move on to.

The Hon. A. KOUTSANTONIS: We will take it on notice then.

Mr GRIFFITHS: This one refers to the Small and Medium Enterprise Investment Development Program, which assists SMEs to implement or accelerate new capital investment. Can you provide the details of that program?

The Hon. A. KOUTSANTONIS: Again, I am advised that is in the industry and trade lines.

Mr GRIFFITHS: I refer to Budget Paper 4, Volume 1, page 2.19, Employee Benefits and Costs, and note that the 2009-10 budget year identified \$811,000 and that the year 2010-11 budget is estimated to be \$640,000. That is an approximately 21 per cent drop. Can you give some details of why there is such a significant drop in the Small Business Big Impact program employee costs?

The Hon. A. KOUTSANTONIS: I am advised that, during the period of 2009-10, there was no reduction and that it was just due to vacancies. That is for the period 2009-10.

Mr GRIFFITHS: Yes; but my question was: in the 2010-11 financial year it has gone from \$811,000 budgeted last financial year to \$640,000 this year; therefore, do you have continuing vacancies, or is this a part of the financial restraint that the Treasurer is putting upon every department?

The Hon. A. KOUTSANTONIS: I will answer the first point about what you said about the Treasurer's financial restraint. Like Collingwood, it is side-by-side, and we are all together in this. We stick together, and it is an entire cabinet decision. Every single cabinet minister supports the budget—every single one.

In response to your question, I am advised that the reduction from the 2009 estimated result to the 2010-11 budget is due to savings of 10 FTEs. The reduction for small business primarily reflects the abolition of the generalist project staff plus management and support staff. I am advised that a further one regional manager position, retained to undertake contract management function, will be abolished in 2011-12 when the Business Enterprise Centres funding agreements cease.

DTED is currently undertaking the organisational restructure required to permit the new priorities. This restructure is not due to come into effect until 1 January 2011. Staff are currently being consulted on the configuration of the new agency, and there are likely to be some minor changes across programs following the analysis of consultation input.

To further clarify, I am advised that the reduction from the 2009-10 estimated result to 2010-10 is due to savings of 10 FTEs; that is, it is 3.5 for small business and net 6.5 FTEs for regional development.

Mr GRIFFITHS: As part of that answer you referred to funding support for BECs; therefore, is that coordinated through the Office of Small Business?

The Hon. A. KOUTSANTONIS: My advice is yes.

Mr GRIFFITHS: I refer to Budget Paper 4, Volume 1, page 2.19, the BEC structure. As one would expect, given the budget announcement to commit to funding only until 30 June 2011, the period beyond that has created a great level of concern from the BECs as to their future. I appreciate—and I think the words used are similar to what it has done for Regional Development Australia organisations—that they are meant to be self-sustainable beyond that period. Can you provide some feedback to the committee on the activity levels of the BECs and their achievements, which I think emphasise the need for them to be there?

I am very interested in how this decision came about, because it is in range of \$1.3 million per year from 2011-12 going forward. It seems to me that a great level of contact is being made to provide assistance to small business, and that is a classic case of on the ground support that makes a difference. Can you give me some understanding of the activity levels of the BECs that operate in the metro area?

The Hon. A. KOUTSANTONIS: I will answer the second part first: why the government made this decision, and I think it is important that I explain to the opposition my thinking on this. I will try to be as reasonable and courageous as possible in my answer. I think it is a philosophical question and a bit of an ideological question as well. What is the role of government in operating a small business? What level of intervention do we have?

My view is very much that the BECs do a good job. However, is that a service that should be provided free of charge to all small businesses? If that service is as good as everyone says it is, why is it being offered free of charge? You might say that small businesses deserve to have that professional business advice for free. I think the government's role in this is to provide, as I said earlier, a regulatory framework to allow businesses to operate; that is, we offer the infrastructure, roads, electricity and services. We offer an economic environment, we offer education and a skilled workforce. At what point do we say to small businesses, 'Ultimately, the investment, the capital and the idea are yours. If you want business and investment advice you should go to a third party and pay for that advice'?

The Liberal Party may have a different view. They may think that perhaps government should be intervening and offering assistance to every small business to come up with a business plan to help them understand what they have to do to hire more people, to pay for those development strategies and those marketing strategies, to offer classes and incentives and all of

that. Is that really the role of government? I see the member for Adelaide nodding. Socialism is alive and well in the Liberal Party, and that is great for the Liberal Party.

I think that ultimately these are services that a lot of businesses pay for, and there should be, in my opinion, some cost recovery. I think a lot of successful business people take advantage of BECs. That is fantastic, but I am advised that there is very little cost recovery in place. Bearing in mind that the South Australian taxpayer is putting in over \$1 million per annum, which is probably helping some very good small businesses, I just wonder whether some of those small businesses could actually afford to get that advice themselves.

So, that is where I come from in terms of my decision about BECs. This is not about whether or not we should help small businesses. I do think we should help small businesses, but I think that the role of government in helping small business is in dispute resolution, where it really counts, the tip of the sword stuff: disputes with landlords, which is make or break; signing an unfair contract that has been negotiated in good faith—the stuff that really matters. The decision about what colour your bottle should be, how many staff you should hire or your marketing strategy I really do not think is something that the state government should be funding.

I understand that there is a level of community anger about BECs not being funded past the next financial year. I am happy to work with BECs, and I have already offered this to them, indicating that I will help them look at ways where they can set up a model of cost recovery: in fact, maybe even overlay on themselves some of what they have been teaching other small businesses in terms of setting up a strategy and program so that they can survive. They still have federal funding; as far as I am advised that is not at risk—that is entirely a matter for the federal government—and I am advised that local government also funds BECs. While I understand what the member is talking about, I do not think that it is the place for state government to be involved in offering business advice to businesses.

Mr GRIFFITHS: Just as a supplementary question—because it deserves a bit of a debate between us, I think, and I respect a lot of your comments—I think you were being a little flippant when you quoted some of the examples in which BECs might provide support to businesses, because it would be my understanding and observation that small businesses, as you say, operate under enormous time pressures. They are so busy doing their job that they find it hard to actually plan for the future of their business. So, that is where it is important, I think, that there is a network of people out there who are skilled in this area and who know how to provide some assistance; it might only be a five-minute conversation but it might make a year of difference to the success of a business, too.

The Hon. A. KOUTSANTONIS: Chambers of commerce.

Mr GRIFFITHS: True. You have confirmed today that it is your understanding that the federal government support for the BECs, which I believe is \$2.5 million per year, is there. Are you able to provide any comment on what you have done to ascertain that that commitment will be there into the future? Have you corresponded with the federal minister who is responsible for that funding to ensure that those dollars will be retained?

The Hon. A. KOUTSANTONIS: I am always in contact with the federal government about funding, as are all state governments. Ultimately, it is a budget decision for the federal government. I have absolutely no control over what it does. I imagine that they will continue to fund it. That is entirely up to them; if they choose not to, they choose not to. My suspicion is that the successful BECs will survive because they are offering a service that people will be prepared to pay for but thus far have not had to. I cannot be held responsible for what the federal government does; I can only take responsibility for what I do.

Mr GRIFFITHS: But you are here to represent that industry sector and to ensure that you do what you can for it.

The Hon. A. KOUTSANTONIS: Sure, but ultimately, as you said in your statement, small businesses are time poor, and there are organisations already up and running that offer these programs. I suppose my hypothetical response to you for you to think about is: why BECs and not Business SA? Why BECs and not the local chambers of commerce? What is the real difference? I am also advised that discussions have already commenced about the continuation of commonwealth support for BECs.

Mr GRIFFITHS: Minister, as an extension to that (and I am sorry if I am interfering with the time of others), because Mr Worrall confirmed with you that local government also contributes to

the BECs, has there been some negotiation with the LGA to ensure that that funding commitment will remain, or is that an individual council decision?

The Hon. A. KOUTSANTONIS: I understand that councils have entered a caretaker period, and I understand that that is a decision for individual councils. So, hopefully, once the council elections are completed, we can enter into more forthright discussions. Ultimately, again it is a decision for individual councils to make. I am sure that you will be lobbying very hard for your local council.

Mr GRIFFITHS: Mine supports a Regional Development Australia organisation.

The Hon. A. KOUTSANTONIS: Well, there you go.

Mr GRIFFITHS: But, similarly, they face funding cuts in three years' time.

The Hon. S.W. KEY: Minister, I am pleased to hear your credentials in the small business field. I also have some, despite what the opposition says. I come from three generations of women who have been small business operators, so I am the failure of the group. I have always worked in the private sector, but I have never—probably mercifully—run a business.

I am really interested to know, on the basis of what you have already told the committee, whether you can talk about specific initiatives the government is pursuing in regard to trying to deal with disputes that occur between businesses. I think you have mentioned a whole lot of examples already, but I just wonder whether you can talk about those specific initiatives

The Hon. A. KOUTSANTONIS: Absolutely, and I recognise and honour the commitment—

The Hon. S.W. KEY: I should give a reference: I refer to Budget Paper 4, Volume 1, page 2.19.

The Hon. A. KOUTSANTONIS: As I have said previously, the government announced the establishment of a Small Business Commissioner on 1 October 2010—probably one of the proudest announcements I have ever made as minister, and I hope that everyone in this room one day gets an opportunity to make an announcement that they think will change people's lives. I think this is one of those that actually will.

As we have said earlier, there are approximately 135,000 small businesses in South Australia, and these range from one person owner-operators through to medium-size firms. The state government has a target of creating 100,000 new jobs by 2016. The small business sector is an important element in reaching this goal, and the key role of government is to provide a framework within which businesses have the best possible opportunity to remain viable and grow. The Office of Small Business and Regional Development in DTED has identified two key areas in which the government can be most effective in promoting viability and growth, that is, by promoting training programs and awareness workshops on proven methodology in successful small businesses, and by providing a framework where disputes can be resolved with minimal stress to the small business operator.

A Small Business Commissioner will promote a low-cost and rapid dispute resolution process for commercial parties, especially small businesses, which are generally denied access to justice because of the escalating financial costs of legal services. To put that into perspective, if you are a relatively small retailer and are selling to a very large retailer with many retail outlets across Australia, and you are growing something or selling a certain item, your power to resolve disputes is often very small because, ultimately, you just cannot afford to take them on legally. A small business commissioner having the ability to mediate means that those parties are brought to the table together, where they can actually resolve the dispute. I am advised that a lot of small firms throughout South Australia just write off the debt; if a larger firm is a bad payer and there is a dispute about cost or delivery date, the small firm just writes it off because it does not have the time to go to court and resolve the dispute.

The commissioner will attempt to facilitate resolutions to disputes in the quickest and most cost-effective manner to ease the burden of legal expenses for both parties. The process will allow both parties to outline their concerns, and an experienced mediator would attempt to broker an outcome that is acceptable to both parties. Time constraints in running a small business have been identified as a major obstruction to dispute resolution. In addition to alleviating the cost burden, this process will allow for significantly less disruption to the ongoing day-to-day routine of small business operators seeking to resolve a dispute.

A small business commissioner has been operating in Victoria, with resounding success, since 2003. On 6 August this year, at the Council of Australian Governments' Small Business Ministerial Council meeting, the council unanimously resolved to endorse the method used by the Victorian Small Business Commissioner as the best practice model for governments for developing effective mechanisms to assist small businesses in the resolution of business disputes. That includes the coalition government in Western Australia and the conservative government in New Zealand.

It is intended that the South Australian legislation will improve upon this successful model. Since its inception, Victorian savings to business have been identified at nearly \$200 million. The 65th report of the South Australian parliament's Economic and Finance Committee, entitled Franchises (an exceptionally well-chaired committee; I am not sure what is going on these days), was tabled in the House of Assembly on 6 May 2008. This was the result of an inquiry by the committee into the efficiency of current laws regulating the franchisee/franchisor relationship.

The report recommended that consideration be given to arbitration and a need to administer a dispute resolution system. The report recommended that good faith and fair dealing be upheld as a theme that should be adopted by two parties during all franchise negotiations. While franchising is currently regulated by the federal parliament the main vehicle for that regulation, the Franchising Code of Conduct under the commonwealth Trade Practices Act 1974, suffers from a number of limitations that would be addressed in our legislation. There is a growing concern regarding non-compliance with the commonwealth's Franchising Code of Conduct, and penalties for breaches of the code would promote greater compliance. It is proposed to create a regulatory framework to guard against unconscionable conduct and unfair contract terms, and to uphold that good faith and fair dealing be adopted by two parties during all franchise negotiations.

I believe this new initiative will provide tangible assistance to all business-owners in South Australia, especially the small business sector, which plays a significant part in the state's economy. On a personal note I would like to say that my office has been overwhelmed by emails from across the country about this measure—and I am not talking about a few emails, I am talking about hundreds.

Mr SIBBONS: I refer the minister to Budget Paper 4, Volume 1, page 2.19. I am interested to know how small business has recovered after the global financial crisis and what the various important economic indicators illustrate.

The Hon. A. KOUTSANTONIS: The member for Mitchell has a keen interest in small businesses, especially in his local community. In September 2010 labour force figures are indicative of the health of the small business sector, with total employment growing by 16,300 (or 2 per cent) through the year in trend terms. Since March 2002, when the Rann government has elected, 122,300 new jobs have been created. This was the sixth consecutive monthly rise in total employment, creating an all-time high. Full-time employment jobs have been increasing for 12 consecutive months to 552,000 (trend).

Small businesses are represented in all industries in South Australia, with particularly high representation in retail and construction. During August 2010, nominal retail turnover in South Australia rose by .1 per cent in both seasonally adjusted and trend terms. Compared with a year earlier, this seasonally adjusted nominal retail turnover was 3.2 per cent higher in South Australia.

Trend data indicate the total number of dwellings approvals in South Australia in August 2010 was 15 per cent higher than a year ago. In addition, the value of renovation approvals in South Australia rose marginally in August, but were 17 per cent higher than a year ago. In the June quarter 2010 the Commonwealth Bank Business SA survey of business expectations reported that business confidence in South Australia fell in line with the national fall. The SA index now stands at 91, while the national index stands at 93.

The BankSA State Monitor released in May 2010 recorded a marginal fall in business confidence, with the overall figure at mid-range levels consistent with the long-term average between 2002 and 2009. The Sensis Business Index small and medium enterprises survey was released in August 2010 and included the following information: business confidence amongst small to medium enterprises rose in all states. South Australia recorded confidence level of plus 30 was below the national figure of plus 37. However, SMEs in South Australia recorded higher performance for all indicators in the past quarter, with the only exception being capital expenditure, which fell. SMEs in South Australia recorded increased expectations for all indicators in the coming quarter.

The proportion of South Australian SMEs exporting remained unchanged at 10 per cent, and equal to the national average. In the June quarter 2010, South Australian trend state financial demand (SFD) rose 1.3 per cent and was 5.4 per cent higher than a year earlier, above the national figure of 5.3 per cent. In September 2010, trend total employment was 813,400, the highest level on record. Labour force participation was at a near record high of 63.5 per cent in September 2010.

Released in July, the Hudson Employment Expectations Report for the June quarter reported that a net 26.4 per cent of employers reported an intention to increase their permanent staff levels over the next three months, down less than 1 per cent on the previous quarter. Construction/property/engineering employers remain optimistic, with sentiment up 17.7 per cent to 60.6 per cent, and resources sentiment is also still high at 41.2 per cent. Based largely on the size of major projects in the pipeline, which is at \$71.5 billion in November 2009, the Economic Development Board forecasts that, in the six-year period to 2015-16, the South Australian economy will average a 3.4 per cent growth and that annual employment will grow at 1.7 per cent, all creating demand for goods and services from small businesses.

Mr ODENWALDER: I add my support and congratulations to the minister on the establishment of the Small Business Commissioner. It is an excellent idea, and I am sure all members will support it. I refer to the Business Development Council, Budget Paper 4, Volume 1, page 2.20. I am interested in how the Business Development Council supports small business in South Australia.

The Hon. A. KOUTSANTONIS: I thank the member for Little Para for his support. I really appreciate it. Members of parliament who are in constant contact, as are most members on both sides, especially in the House of Assembly, know what small businesses go through. It is a credit to the parliament, rather than to one individual minister, that we will have the best small business mediation laws in the country. I think that is something we can all be very proud of.

In terms of BECs, the Business Development Council supports businesses in South Australia by advocating for change that will improve the environment in which small businesses operate and providing advice to the Minister for Small Business on: the broad impact of decisions on small businesses; the opportunities for initiative to promote the business community; sustainability and growth; reducing regulations in the small business sector; and issues under South Australia's Strategic Plan that relate to the small business sector, including measures to increase competitiveness, develop a vibrant and entrepreneurial small business sector, and increase the capacity of the small business sector to export over time.

Issues were raised by the member for Goyder earlier about family businesses and opportunities to promote sustainability in consultation with other industry groups and educational representatives. There are challenges and opportunities for the provision of government services and programs for small businesses. Ultimately I think that, whoever the Minister for Small Business is, that person has to take the advice very seriously. The sustainability of businesses is probably the most important aspect of my job as Minister for Small Business. The people concerned need to have people who are interested and care about small businesses, and that needs to be bipartisan.

Mr GRIFFITHS: This is probably a supplementary question to the one from the member for Little Para, who talked about the Business Development Council. Have you received feedback from the Business Development Council on the decision to withdraw funding from the BECs and RDOs?

The Hon. A. KOUTSANTONIS: Yes.

Mr GRIFFITHS: Are you able to enlighten the committee as to whether their position was supportive of yours or the reverse?

The Hon. A. KOUTSANTONIS: Like you, I think there is a concern, but there is also an understanding. Small businesses and advisory bodies are very sensible. They take the emotion out of the debate and determine very clearly what it is that we are looking for. If it is about time to establish a framework where they can actually start to do some cost recovery, that is something that maybe we would look at. If it is just to continue funding so that we can offer a free service, the government will not accept that. I think the general view is that a good service is offered, but the people concerned also understand that maybe this is not the space government should be in and that there are other opportunities.

Some BECs offer a very good service that costs a lot of money to provide, with no cost recovery. I think their view, to be fair to them—and I do not want to speak for them; they can speak

for themselves—is that the advice they are giving me is, 'We want you to look at it; we want you to see if there is a way of giving us more time to restructure,' and I will consider that. My initial reaction is that these services are so good and, if they can get some cost recovery, they can probably survive.

Ms SANDERSON: I would also like to congratulate the minister on the recommendation of a new commissioner: I think that will be a great idea for business. I have had 16 years in business and many times I have had contact with BECs. I believe it is far better to support new businesses being created and existing businesses to grow their business and create jobs than it is to pay people to be in an unemployment line. So, I do believe that we should still be funding them. I have actually been overwhelmed with emails from people expressing anger at the withdrawal of the state's funding to BECs, so it is particularly important in my electorate.

I refer back to your earlier comments: if the new commissioner can save up to \$200 million per year, which means more tax is being paid, would the state government then reconsider reinstating its funding to BECs? If you are able to recover money through a new initiative that you have started, would you then reinvest that money in small business?

The Hon. A. KOUTSANTONIS: Unfortunately for the state government, we do not get income tax: I wish we still did. We get some of the GST back, obviously, but ultimately encouraging business growth is about creating jobs and investing in other areas. Our ability to recover taxes is decreasing. I am interested in the fact that you are keen on greater taxation revenue. I think that is an interesting perspective from a Liberal MP; I think that is courageous.

Ms SANDERSON: That is not what I said.

An honourable member interjecting:

The Hon. A. KOUTSANTONIS: Don't be so sensitive. She can look after herself; she is a tough lady. I see your point, though. People who use BECs are concerned about losing that service; I completely understand that. However, I come back to the ideological argument: is the state government really the body that should be offering business advice to businesses? I think the answer to that is no. It is like the state government offering trade union advice to trade unions, to which I am sure members opposite would say, 'You've got to be joking.'

Mr VAN HOLST PELLEKAAN: The government advises trade unions; we might as well go the other way.

The Hon. A. KOUTSANTONIS: There you go; I think that is the point. Business SA is one of the oldest chambers of commerce in Australia, and I think that, if you want business advice, there are chambers of commerce—there are other ways of doing it. The BECs do a very good job, and there are some great ones.

Everywhere I go, people are saying to me, 'You know that BEC was fantastic,' and I say, 'How long was the course?' 'The course was two weeks, and I learnt how to do this, this and this.' 'What did it cost you?', and she said, 'Absolutely nothing.' I asked, 'How much did you save?' and she said, 'Oh, I would have spent about \$1,000 on that course if I had to.' That is just one anecdotal piece of evidence that makes me think that BECs do not have to charge \$1,000 for the service but they can at least cost recover what it cost them to provide that service, and they do get subsidies from the federal government and local government. So, perhaps as a model they are teaching everyone else that they can use themselves to be more productive.

Mr GRIFFITHS: The other side of that example, though, is that the fact that the course was at no cost encouraged that person to be there and that allows them to grow their business to give other people jobs, and that is where the state derives revenue.

The Hon. A. KOUTSANTONIS: Sure; I accept that.

Mr GRIFFITHS: We could debate this forever, though.

The Hon. A. KOUTSANTONIS: Exactly. But, ultimately, it comes down to: at what point does the state government say, 'There is a free market here. At one point do we stop intervening?' I think the state government's job is to offer a regulatory framework for the really expensive stuff, and the really expensive stuff is being in court and paying lawyers over a retail tenancy dispute, over a franchisee who has taken out a mortgage on their house to buy a franchise, to basically buy a job, to find that they are being asked to buy stock they do not need from a provider they cannot afford who is not offering market rates. Then they are being told to sell their business without any goodwill to someone else for a price determined by the master franchisor. None of that—

Mr GRIFFITHS: And churning makes money for them.

The Hon. A. KOUTSANTONIS: And churning makes money for them. So, I think that, rather than have a BEC funded, they would much prefer to have a small business commissioner say, 'That's unconscionable and unfair.'

Mr GRIFFITHS: I refer to Budget Paper 4, Volume 1, page 2.20. In the Performance Commentary, it refers to a significant number of workshops that were held. Were these workshops held as part of the RDA and BEC network, or were they specifically held by DTED or the Office of Small Business?

The Hon. A. KOUTSANTONIS: I am advised that they are a mixture of both, but I do not have a breakdown. If you like, I can take that on notice and provide you with a detailed answer.

Mr GRIFFITHS: I suppose my concern is that it reports with some pride about the number of attendees and the number of events that were held, given that there is this spectre hanging over them of a loss of funding, but the support from the government on the previous coordinated workshops that the government itself has provided, is there any diminution in that commitment to ensuring that this opportunity exists for small business or will the ones that the government itself coordinates continue if it is a mixture?

The Hon. A. KOUTSANTONIS: I am advised that we are going to target businesses. Business SA runs courses, motor traders run courses and industry associations run courses, so I am advised that the government will focus on industries that we think need more assistance, and that is a decision the department will make.

Mr GRIFFITHS: Therefore, minister, will that be targeted in areas of future growth potential such as the electronics industry and things like that or an area of skill need where you think that the future industries that will develop in the state will require the skills that these formative businesses may have? Can you give some understanding to the committee of what you are talking about there?

The Hon. A. KOUTSANTONIS: I think it is a bit of all of that. The advice that I have is that obviously South Australia has some unique opportunities and some unique problems. When you are competing with the eastern seaboard for business opportunities we need to make sure that we have the skilled workforce that we need and that we are punching above our weight with industries that are probably not as important to other states as they are to South Australia. What we will be focusing on is electronics, cleantech and industries that are going to be future industries. I very much think South Australia is going to lead the nation.

Defence is an area where we are very keen. A lot of our automotive component manufacturers want to get involved in the defence industry. They are very good at making pipes and turning other things that they may need for our defence industries.

Mr GRIFFITHS: Specialist skills.

The Hon. A. KOUTSANTONIS: Specialists. The thing about cleantech that I have realised in my role as minister is that clean-tech is not necessarily a new industry that no-one has ever seen before, it can also be doing an old manufacturing technique in a new and innovative way that does not release carbon, that does not pollute the atmosphere, that is more efficient and cost effective, more automated and more highly skilled. The state government will be using those workshops as much as we possibly can to encourage growth in new sectors and new economies.

The CHAIR: The time for questions about small business has now expired and we move on to the Liquor and Gambling Commissioner and the Independent Gambling Authority. There being no further questions, I declare the examination of the proposed payments adjourned until later this morning.

ATTORNEY-GENERAL'S DEPARTMENT, \$146,381,000**ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$51,292,000****INDEPENDENT GAMBLING AUTHORITY, \$1,592,000****DEPARTMENT OF TREASURY AND FINANCE, \$75,500,000****ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE,
\$1,703,759,000****Witness:**

Hon. A. Koutsantonis, Minister for Industry and Trade, Minister for Small Business, Minister for Correctional Services, Minister for Gambling.

Departmental Advisers:

Mr J. Maguire, Chief Executive, Attorney-General's Department and Department of Justice.

Mr P. White, Liquor and Gambling Commissioner, Office of the Liquor and Gambling Commissioner.

Mr K. Della-Torre, Director, Gambling Policy, Department of Treasury and Finance.

Ms T. Stephenson, Assistant Director, Independent Gambling Authority.

Mr B. Sleep, Assistant Commissioner, Office of the Liquor and Gambling Commissioner.

Mr A. Swanson, Director, Business and Financial Services, Attorney-General's Department.

Ms J. Ward, Officer, Office of the Liquor and Gambling Commissioner.

Mr D. Cox, Policy Officer, Department of Treasury and Finance.

The CHAIR: I declare the proposed payments open for examination and refer members to Portfolio Statement, Volume 2, Part 5 and Volume 1, Part 3.

The Hon. A. KOUTSANTONIS: I apologise to the shadow ministers for the delay in starting. Before I commence, I would like to correct Portfolio Statements for the Attorney-General's Department. An error has been identified in the 2010-11 Portfolio Statements. This relates to the allocation of cost between programs Nos 5 and 6, involving Liquor Regulatory Services and Gambling Regulatory Services respectively. To correct the record, I seek leave to have inserted in *Hansard* the tables showing the correct figures. This adjustment impacts only on the allocation of costs between programs. There is no change to the total 2009-10 estimated result for the Attorney-General's Department. The financial year 2010-11 will undoubtedly be significant for the gambling sector in South Australia.

The CHAIR: It is purely statistical in nature, I assume?

The Hon. A. KOUTSANTONIS: Yes, but it is a correction.

Leave granted.

Program net cost of services summary

Program	Net Cost of Services			
	2010-11 Budget \$000	2009-10 Estimated Result \$000	2009-10 Budget \$000	2008-09 Actual \$000
1. Employee Advocacy	1,109	3,109	3,792	1,390
2. Recreation, Sport and Racing	36,883	28,728	38,834	18,947
3. Consumer and Business Affairs	1,567	272	-109	282
4. Building Communities—Status of Women	2,312	2,676	2,713	2,345
5. Liquor Regulatory Services	1,941	2 335	2,619	2 919
6. Gambling Regulatory Services	3,015	3 648	2,884	4 606
7. Legal Services	39,647	41,123	39,896	35,410
8. Forensic Science	19,925	20,545	20,568	19,509
9. Policy, Planning and Legislation	7,662	7,515	7,694	6,354

10. Police Complaints Authority	1,282	1,407	1,257	1,371
11. Ombudsman Services	1,617	1,805	1,610	1,695
12. Registration Services	-11,050	-10,237	-10,195	-10,294
13. Justice Portfolio Services	21,223	19,529	17,902	20,467
14. Building Communities—Equal Opportunity	1,967	2,039	2,109	2,182
15. Building Communities—Justice Youth Reform	1,332	1,640	1,554	1,080
16. Building Communities—Advocacy and Guardianship Services	4,942	4,873	4,127	4,518
17. Building Communities—Veterans' Affairs	588	483	462	439
18. Building Communities—Multicultural, Youth and Volunteers Services	8,802	9,255	10,099	10,002
Total	144,764	140,745	147,816	123,222

Reconciliation to agency net cost of providing services
(as per agency statement of comprehensive income)

Less: Net cost of programs/functions transferred in

Office for Youth from the Department of Further Education, Employment, Science and Technology	—	—	4,739	4,458
Employee Ombudsman from the Department of the Premier and Cabinet	—	518	519	513
Industrial Relations Court and Commission and Workers Compensation Tribunal from the Department of the Premier and Cabinet	—	2,536	3,202	2,081
WorkCover Ombudsman from the Department of the Premier and Cabinet	—	37	4	-7
Medical Panels SA from the Department of the Premier and Cabinet	—	18	67	-1,197

<i>Equals:</i> Net cost of providing services (as per agency statement of comprehensive income)	144,764	137,636	139,285	117,374
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Note: The 2009-10 Budget amounts contained in the 2010-11 Portfolio Statements for each program differ from those amounts contained in the 2009-10 Portfolio Statements to reflect changes to departmental functions and some program and sub-program structures. The 2009-10 Budget amounts in these statements have been amended for comparative purposes.

Agency: Attorney-General's Department
Program information

Program 5: Liquor Regulatory Services
Description/Objective: The Office of the Liquor and Gambling Commissioner, a statutory office within the Attorney-General's Department, regulates the liquor and gambling industries.
The objectives in the area of liquor regulation are to encourage responsible attitudes towards the promotion, sale, supply, consumption and use of liquor products; to minimise the harm associated with these products; and to ensure the sale, supply and consumption of liquor is conducted in a way that contributes to, and does not detract from, the amenity of South Australian community life. These objectives are pursued through rigorous regulatory regimes.

Summary income statement

Program 5: Liquor Regulatory Services	2010-11 Budget	2009-10 Estimated Result	2009-10 Budget	2008-09 Actual
	\$000	\$000	\$000	\$000
Expenses				
Employee Benefits and Costs	1 977	2,454	2,335	2,887
Supplies and Services	999	970	1,330	1,099
Grants and Subsidies	81	82	—	—
Depreciation and Amortisation	159	142	39	103
Other	2	5	17	—
Total expenses	3,218	3,653	3,721	4 089
Income				
Fees, Fines and Penalties	1,145	1,186	997	1,127
Other	132	132	105	43
Total income	1,277	1,318	1,102	1,170
Net cost of providing services	1,941	2,335	2,619	2 919

Program 6: Gambling Regulatory Services
Description/Objective: The Office of the Liquor and Gambling Commissioner, a statutory office within the Attorney-General's Department, regulates the liquor and gambling industries. The objectives in the area of gambling regulation are to encourage responsible attitudes towards the promotion, sale, supply and use of gambling products; to minimise the harm associated with these products; and to maintain public confidence in the state's gambling industries.

These objectives are pursued through rigorous regulatory regimes.

Summary income statement

Program 6: Gambling Regulatory Services	2010-11 Budget	2009-10 Estimated Result	2009-10 Budget	2008-09 Actual
	\$000	\$000	\$000	\$000
Expenses				
Employee Benefits and Costs	3,614	4,530	4,040	3,399
Supplies and Services	878	791	480	497
Depreciation and Amortisation	6	7	12	48
Other	4	-237(a)	25	1,944
Total expenses	4,502	5,091	4,557	5,888
Income				
Other	1,487	1,443	1,673	1,282
Total income	1,487	1,443	1,673	1,282
Net cost of providing services	3,015	3,648	2,884	4,606

(a) The negative balance for 'Other' expenses for the 2009-10 Estimated Result relates to the reversal of a provision for doubtful debts provided for in 2008-09.

The Hon. A. KOUTSANTONIS: The financial year 2010-11 will undoubtedly be a significant time for the gambling sector in South Australia and, indeed, nationally. It started with the release of the Productivity Commission's final report on gambling, on 23 July 2010. Like the previous report from 1999, its recommendations will shape the debate for the coming decade. During 2010-11, the gambling portfolio will tackle many of its recommendations.

The government established the Responsible Gambling Working Party in 2006 to develop measures to support people using electronic gambling machines to set limits on their play. The working party has taken a structured, evidence-based approach to this work.

In conclusion, the gambling sector will be dominated by the Gillard-Wilkie agreement in federal parliament and the idea of full precommitment and what that may mean for the industry and sector if imposed upon the states by the commonwealth. Ultimately, that will have ramifications that will vibrate throughout the entire state, if not the country.

We are talking about a very large industry, we are talking about a very emotive issue, we are talking about people's lives, we are talking about people's jobs, and we are talking about people's addiction. Ultimately, it is going to be a very difficult time for the next three years. I wake up every morning thanking God that I am the Minister for Gambling.

Mr GRIFFITHS: I commend you on your commitment to the industry then, minister.

The Hon. A. KOUTSANTONIS: Not to the industry: to the issue.

Mr GRIFFITHS: I will make a brief statement only just to confirm that I am acting on behalf of the Hon. Terry Stephens, the shadow minister for gambling, when it comes to this area of questioning. Having held the shadow portfolio some years back, I still observe the issues within it and recognise the recent introduction of legislation in the house which has made quite a few changes, including the removal of the cap on trading, which no doubt will result in some movement and also the removal of some machines. It has been a long-held commitment by the government, and also supported by the opposition, to get down to those full 3,000 machines being taken out of the system and to see how that improves people's lives. Given that you have just provided us with some changes to the budget papers, in a very brief statement, can you outline where those changes are and what the effect of them is, because it appears to me that the budget figures for the 2010-11 year are identical.

The Hon. A. KOUTSANTONIS: I am advised—you will learn to say that very often one day—that there was a provision for a doubtful debt raised in 2008-09 due to commercial discussions occurring at that time between SkyCity and the South Australian government. The matter was resolved in 2009-10. The impact of these transactions is shown in 'Other' expenses. However, the numbers have been reflected in error in program 5 instead of program 6.

Mr GRIFFITHS: The budget papers reflect a negative figure of \$240,000 in program 5, but the revised figure is negative \$237,000 in program 6.

The Hon. A. KOUTSANTONIS: That is correct—I am advised.

Mr GRIFFITHS: Thank you for that clarification. I refer to Budget Paper 4, Volume 2, pages 5.35 and 5.37. The information provided to me, I am advised, indicates that the Office of the Liquor and Gambling Commissioner, Liquor Regulation, loses some \$350,000 in salaries, going down from \$2.33 million to \$1.98 million, and the Office of the Liquor and Gambling Commissioner,

Gambling Regulation, loses \$426,000 in salaries. These are significant cuts, no doubt, given the scope. It is a relatively small program, dollar wise, compared to the state budget, but what will be the effect on the Office of the Liquor and Gambling Commissioner operations?

The Hon. A. KOUTSANTONIS: Your question is laced with a bit of: can the commissioner still do his regulatory tasks?

Mr GRIFFITHS: Yes, given the significant reduction in resources available to him.

The Hon. A. KOUTSANTONIS: My view is that Paul White is one of the most talented public servants we have in this state. I do not want to embarrass him, but he is one of the most talented commissioners and most active commissioners, whether that is in gambling or liquor. I think the role has been served quite well with his appointment and I applaud the chief executive of AGD for his appointment.

The Attorney-General's Department is undergoing significant change and reform. One of the main drivers for this change has been the increase in the size of the department over recent years through the machinery of government changes. To maximise organisational strengths and address current structural limitations, the majority of the department's existing business units are being harmonised within the areas of organisational performance, building communities and business and consumer services.

The merged Office of Consumer and Business Affairs and Office of the Liquor and Gambling Commissioner will form the new business and consumer services division, to be headed by a senior experienced leader. Each division, to be headed by a deputy chief executive, will lead the formation of a new divisional operating model. This reform will realise economies of skill and scale and seek to improve the value to the community and stakeholders. Core capabilities will be brought together in a centre of expertise and made available across the department to improve services to the community. So, ultimately, it is about bringing all of those functions together.

Savings for OCBA increase to 22.6 FTEs indicative and \$1.8 million per annum by 2013-14. Savings to OLGC increase to eight FTEs indicative and \$688,000 per annum by 2013-14. Savings begin in 2011-12, and work is currently underway to determine the strategies to meet these savings targets. I have full confidence, complete confidence, more than I ever have before, in our ability to maintain those regulatory services.

Mr GRIFFITHS: If I may ask a supplementary. Your praise of Mr White is very strong indeed, but Mr White is one person. The regulatory services rely upon people being out there, the inspections that are carried out on premises. Is there any intention at all to reduce the number of inspections or surprise visits or any regulatory service that actually ensures that these facilities operate as they should?

The Hon. A. KOUTSANTONIS: Ultimately, the advice I have received from the commissioner and the department is that we will be going towards a risk-based approach regulatory scheme. It is one thing to visit every venue once a year and it is another for it to be based on risk, on who you think and whatever parameters may be set by the commission.

I think a risk-based approach is more prudent: it is smarter, more effective and more efficient. In terms of the suspensions that have been dealt out by this commissioner, I think that the industry is well aware that we are serious about making sure that it complies with the regulations set out by the parliament.

Given that you are not the shadow minister for this industry, I am not sure whether you have been following it. For the first time in the history of poker machines in South Australia, there have been suspensions put in place by this commissioner that had never been done before. The advice I have received is that a risk-based approach, plus the same level of maintenance and servicing of regulations, will mean that South Australians will be better off with this new approach, rather than perhaps the old approach.

I am also advised that in 2009-10 the Liquor and Gambling Commissioner initiated disciplinary action on 37 occasions, including 25 reprimands, nine fines and three licence suspensions. For example, the commission found that noncompliance at the Electric Light Hotel indicated a lack of adherence to the Gaming Machines Act and Responsible Gambling Code of Practice.

These things send shock waves through the industry. I understand that the member for Stuart was a former manager of a licensed premises—

Mr VAN HOLST PELLEKAAN: And a current shareholder.

The Hon. A. KOUTSANTONIS: —and still a current shareholder. So, I imagine that the idea of a gambling venue having its licence suspended was unheard of before Paul White became commissioner.

Mr GRIFFITHS: I seek clarification from the minister then on how the risk-based approach will work. How indeed do you determine where there is a risk? Is it based on some level of historical reporting and where there might have been some noncompliance, or is it based upon reports coming from the community? I am intrigued about how it you will manage that.

The Hon. A. KOUTSANTONIS: The advice I have received from the commissioner is that it is a whole range of things, such as the size of the venue and the number of machines, the turnover of approved staff, complaints from the public, and previous infringements.

For example, if you have approved staff and there is a regular turnover, obviously there is a risk that they might not be completely up to speed on compliance, so that would be a risk; from a large number of machines to fewer machines, the commissioner will make the judgment based on risk and where he would want to intervene. Past performance and past history are also very important and making sure whether there has been a series of infringements. Obviously, the commissioner and the department will be taking a greater interest in that venue. If you have never had a complaint about a single thing from a certain venue then I think the risk there is pretty low. If you are getting lots of complaints and attention from the public, then the risk is higher, although that is not the only indicator.

Mr GRIFFITHS: Thank you for the answer, minister. I again refer to Budget Paper 4, Volume 2, page 5.38, which refers to approved staff and, minister, you have just referred to approved staff in your previous answer. I am advised that the shadow minister has heard reports that it can take up to 16 weeks for people looking to become approved staff in liquor and gaming venues to actually have the opportunity to receive that level of qualification. Can you confirm whether that is the case?

The Hon. A. KOUTSANTONIS: Are you talking about training or about the approval process?

Mr GRIFFITHS: Both.

The Hon. A. KOUTSANTONIS: I am advised by the commissioner that there have been one or two occasions where there has been a delay. Sometimes that involves a fit and proper persons test through SAPOL. However, I am advised that, through legislative changes, the commissioner can offer interim approval for approved persons. We are re-engineering the process. We accept that there have been some delays, but I think that the commissioner and his staff are doing their very best to iron that out.

Mr GRIFFITHS: Can you just clarify that? I presume that within the Office of the Liquor and Gambling Commissioner there is some key performance indicator suggesting that it should be a four-week maximum turnaround (or something like that) on the approved staff qualification becoming available. Can you confirm whether that is the case, and advise what has been the longest time from an application being lodged to when certification has been provided?

The Hon. A. KOUTSANTONIS: Before I get more advice I just want to point out that some things are out of our control. I am advised that if a fit and proper persons test is referred to SAPOL it leaves our hands; we have to wait for a response, and sometimes that can be quite difficult. I would like you to keep that in mind, regarding some of the delays that may be involved, before I get a more detailed response from my advisers. With the re-engineering, the commissioner is aiming for a two-week turnaround. In terms of what has been the longest time, we will take that on notice and get a detailed response.

Mr GRIFFITHS: We pose the question on the basis of concern about the impact on the business, to ensure that it is appropriately staffed, but also regarding the potential impact on job opportunities for people who want to work in that industry. I commend you for the fact that you want to have a two-week turnaround, and I hope that is met. I would be interested to know whether, over the course of each calendar year, and as part of an annual report requirement, you do actually report on what the average time has been for each of those applications.

The Hon. A. KOUTSANTONIS: My hands are a little tied, because I currently have legislation before the parliament regarding approvals. It is difficult for me to answer, and I do not want to prejudice the debate in the upper house. I will take that on notice and provide a detailed answer, and also offer the shadow minister a briefing—which he could have asked for, but chose not to.

Mr GRIFFITHS: I refer still to page 5.38—

The Hon. A. KOUTSANTONIS: Sorry, I may have misled you. The approval process is for the next bill before the house, not the current one. I apologise for that. I can give you a more detailed answer.

Mr GRIFFITHS: So you can give me more detail?

The Hon. A. KOUTSANTONIS: That's right. What the government will attempt to do through legislation is allow occupational licensing approvals, so that would mean the ability to move from venue to venue, rather than having to get approval for each venue. Hopefully, that will solve the problem.

Mr GRIFFITHS: A logical step, to allow that certification to transfer with the person.

The Hon. A. KOUTSANTONIS: Yes. It is amazing the shadow minister did not think of that.

Mr GRIFFITHS: Referring to page 5.38, I note in the performance indicators it talks about the number of inspections previously and what the target area is. Will the minister provide details on what time of the day these inspections occur?

The Hon. A. KOUTSANTONIS: In 2009-10 the Office of the Liquor and Gambling Commissioner inspectors conducted 636 gaming venue inspections, 608 wagering compliance assessments in relation to the South Australian TAB, racing clubs and bookmakers, and 1,605 consumer compliance assessments. In addition, a number of special operations are conducted. For example, recently, a covert operation was conducted in Port Augusta as a result of concerns that licensees in the region were not adhering to their responsibilities under the legislation, particularly with regard to the Responsible Gambling Code of Practice. The task force, which unfortunately was not named, conducted covert observations, followed by routine inspections at 10 Port Augusta licensed premises operating gaming machines. Sounds like shock and awe to me!

During the observations inspectors paid particular attention to: who and how many persons were entering and leaving; who and how many persons were patronising the venues; in what part of the premises the patrons were congregating; the general behaviour of patrons in gaming areas; and, how the staff interacted with patrons. During the observations (covertly) no breaches were detected. That is an example of how the new regime will be conducting its searches and inspections. I hope the commissioner will adhere to the new naming instructions, like Operation Stealth.

Mr GRIFFITHS: I take from your answer that inspections could take place at any time of the day, any day of the week?

The Hon. A. KOUTSANTONIS: The government will not get involved. Obviously I will not instruct the commissioner when to do this as he is a former police commissioner. In terms of operating these covert operations, South Australia is well equipped with the best man at the helm.

Mr GRIFFITHS: I seek your indulgence in asking you a question about the Gamblers Rehabilitation Fund. I respect that you do not have financial responsibility for it, but given the very important role that you play no doubt you have a perspective on this and an observation and understand it. Can you provide to the committee how much is in the fund for 2010-11 and, if possible, how it is to be allocated?

The Hon. A. KOUTSANTONIS: I am advised the Gamblers Rehabilitation Fund receives a total in contributions of \$5.955 million per year. Also, I would like to advise that I am not the minister who administers this fund. The contribution comprises \$3.845 million per year from the government, which is fixed under section 72A(4) of the Gaming Machines Act 1992 and \$2.11 million from institutional members of the gambling industry—the AHA, licensed clubs of SA and Adelaide casino.

Under the Rann government, the Gamblers Rehabilitation Fund has seen a large increase in the government's contribution to the Gamblers Rehabilitation Fund in 2002-03 through the government increasing its contribution to \$1.845 million from under \$800,000 under the previous government. When combined with the industry contribution at that time, the total contribution to the Gamblers Rehabilitation Fund was \$3.455 million per annum.

The Rann government further increased contributions by \$2 million per annum from 2005-06, resulting in a total annual contribution of \$5.455 million to the fund when combined with

the industry contribution. This additional money was directed to enhance the gambling rehabilitation service, with a greater emphasis on expanding treatment services that deliver improved outcomes for clients.

As to how the Gamblers Rehabilitation Fund is applied, I point out this is the responsibility of the Minister for Families and Communities, not me, but because you are such a decent bloke, I will let you know.

Mr GRIFFITHS: That is why I sought your indulgence.

The Hon. A. KOUTSANTONIS: Ask and you shall receive. The Gamblers Rehabilitation Fund is administered by the Department for Families and Communities to fund agencies to provide services for problem gamblers. While the Minister for Families and Communities is responsible for the administration of the Gamblers Rehabilitation Fund, I am happy to provide some background information.

Providers of gambling help services engaged by the department include non-government organisations and government service providers as well as private suppliers who are used for information products and advertising services. Gambling help services have two service streams: regional services, and statewide and special purpose services. Regional services provide gambling counselling and specialist financial counselling services across each of the 12 state government regions.

Regional services work collaboratively with the designated gambling industry agencies and venues to support problem gamblers seeking help. A competitive open submission process was completed in March 2009 to determine the new regional service providers that commenced from 1 July 2009. The regional service providers are:

- Anglicare SA: Northern Adelaide, West Adelaide, Barossa;
- Lifeline Southeast: Limestone Coast;
- Relationships Australia: Eastern Adelaide, Southern Adelaide, Adelaide Hills, Fleurieu Peninsula, Kangaroo Island and Murray Mallee; and
- UnitingCare Wesley: Port Pirie, Yorke Peninsula, Mid North, Far North, Eyre and Western.

The service agreements for regional services are until 30 June 2011. Service standards have been specifically developed for the gambling help services. These were trialled by three gambling help services and all organisations funded through the Gamblers Rehabilitation Fund have undergone an external review process using the gambling help service standards in late 2009. The statewide and special purpose streams include Gambling Helpline, which averages 200 calls a month, Statewide Gambling Therapy Service, services for culturally and linguistically diverse communities, an Aboriginal service, and a justice system service.

Service agreements for the special purpose agencies focus on community engagement and increasing referrals to other gambling treatment and support services. Gambling Helpline assists referrals to gambling help services and assist callers to Problem Gambling, Family Protection Order Scheme.

The CHAIR: With that, we have reached the end of the time. I declare the examination of the proposed payment to the Attorney-General's Department and the Administered Items for the Attorney-General's Department adjourned to Estimates Committee A and the proposed payments for the Independent Gambling Authority of the Department of Treasury and Finance and the Administered Items for the Department of Treasury and Finance concluded.

[Sitting suspended from 10:34 to 10:48]

Membership:

Mr Hamilton-Smith substituted for Mr Griffiths.

Departmental Advisers:

Mr L. Worrall, Chief Executive, Department of Trade and Economic Development.

Mr. L. Bruce, Deputy Chief Executive, Department of Trade and Economic Development.

Ms A. Allison, Director, Corporate Services, Department of Trade and Economic Development.

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

Mr D. Litchfield, Executive Director, International Market Development, Department of Trade and Economic Development.

Mr P. Polychronopoulos, Chief Finance Officer, Department of Trade and Economic Development.

Ms C. Francis, Director, Strategic Marketing and Communications, Department of Trade and Economic Development.

Mr M. O'Neill, Executive Director, Policy and Business Environment, Department of Trade and Economic Development

The CHAIR: We now turn to trade and industry. Does the minister wish to make an opening statement?

The Hon. A. KOUTSANTONIS: Yes, I do, Mr Chairman. Over the past 8½ years, the government has laid the foundations for strong economic growth. As the EDB has pointed out, major developments in 'mining, defence and construction are the initial fronts of a changed economy', with growth linkages to be exploited for the benefit of manufacturing, engineering and services, providing a very strong outlook for the local economy over the next decade. As the board says, 'Virtually every existing activity will be affected by the coming wave of development.'

Forecasts by Access Economics, the Department of Treasury and Finance and the SA Centre for Economic Studies predict gross state product growth ranging from 2.5 per cent to 2.7 per cent in 2010-11. The EDB's recent modelling is more upbeat. Taking into account the smaller than expected impact of the GFC and revisions to major projects sizes and scheduling, the EDB forecasts the six-year period to 2015-16 will realise annual GSP growth of 3.4 per cent and annual employment growth of 1.7 per cent.

That is a remarkable turnaround that has seen South Australia progressively close the gap on its performance compared to the rest of Australia, with the promise of sustaining strong growth and other key indicators at or above the national average over the coming decade. None of this for a moment means that we do not have to make savings to repair our budget. Over the period 2008-09 to 2012-13, the state is estimated to be down \$1.4 billion on revenue as a result of the GFC.

However, in June 2010, Access Economics reported that the recovery from the GFC is well advanced across Australia, and South Australia has performed particularly well. Our recovery has been characterised by a return to a low unemployment rate, near record high business investment, strong demand for growth and an anticipated acceleration of GSP growth. Access Economics noted that rising resources investment is a major factor in the state's outlook growth. This reflects the government's focus on creating a climate of certainty for long-term investors in the resources sector.

As people know, in 2002 there were only four major mines operating in the state. Today there are 12 and, by the end of 2010, there are likely to be 16 major mines in production. There are approximately a further 30 mines anticipated to be in line for development over the coming years.

As I said earlier, the estimate for revenue loss through the effects of the GFC is \$1.4 billion between 2008-09 and 2012-13. I make no secret of the fact that, like other agencies, the Department of Trade and Economic Development needs to deliver major savings this year and over the forward estimates. There will be a reduction of 78 FTEs this financial year and savings of just under \$100 million over the forward estimates.

This gives the lie to some who said the agency was avoiding making savings itself by cutting grant recipients. The economies to be made will primarily be borne by the agency, certainly also with the reduction or cessation of funding to certain outside groups. I make no apology for saying that I am pleased that cabinet rejected the recommendation of the SBC to abolish the Department of Trade and Economic Development as a stand-alone agency.

Had the SBC's recommendation been adopted and DTED abolished, the development of significant parts of the state's economy—namely, existing and emerging sectors—would have suffered. The budget papers outline clearly where economies are to be made. Within the agency,

key areas for budget reduction are policy and business environment, corporate services and some trade functions, although all areas of the agency will have to make savings. At the same time, vital new initiatives have been funded such as:

- the Small and Medium Enterprise Development Program, \$4 million over four years;
- the National Medical Devices Partnering Program, \$2 million over four years;
- Audits and Access to Concessional Finance, one quarter of \$1 million over two years;
- Manufacturing Thinker in Residence;
- establishment and development of the Tonsley Park Sustainable Technologies Precinct on the former Mitsubishi site;
- the strategy of targeting emerging and sustainable industries will be greatly enhanced by the government provision of \$5.5 million over three years for clean-tech industry growth; and
- establishment of the Strategic Industry Support Fund.

We are resetting our priorities within the department. There will be a restructure of the agency. This is not only because of the need to make budget savings. Like any business, DTED needs to be agile, changing priorities to suit new circumstances and to make the most of the brilliant opportunities ahead. In future, it will be focusing more strongly on building on the foundations of competitive advantage through targeted approaches and project delivery.

Like any business, DTED should always be looking at how it can do things better and how it can stay ahead of current and future challenges. The rules of the game in economic development have changed markedly over the past eight years.

The desire for change in DTED has been articulated by businesses. On 11 September, Peter Vaughan, the Chief Executive of Business SA, was quoted in *The Weekend Australian* as saying that, if the state's economic outlook was to improve, the operations of the Department of Trade and Economic Development needed to be changed. He said:

The department should be a small, streamlined and highly qualified policy unit advising the minister on getting investment into South Australia.

On 17 September he was quoted in the *Adelaide Advertiser* as stating:

This was always going to be a tough budget and the government had no alternative but to make these bold decisions.

Again, on 5 October in Peter Vaughan's regular column in the *Adelaide Advertiser*, he stated:

The change in strategic focus for DTED is a welcome move and will bring more economic benefits to our state.

On 17 September in the *Manufacturers' Monthly* Steven Myatt is quoted as stating:

...business largely supports the government's initiatives in relation to Tonsley Park.

In the same article he continues:

We strongly believe there is a role in government to rectify market failure, particularly in relation to knowledge/information for SMEs.

A primary task of DTED will be to help local companies harvest opportunities for having more than \$71 billion of major projects on the go or in the pipeline. That is why we have identified four priority industry sectors which represent the greatest opportunity to contribute to the growth and sustainability of the South Australian economy and to help build the value chain from large projects, namely: advanced manufacturing, cleantech, knowledge intensive services and resource services and technology.

Finally, I turn to a major new appointment to the leadership of DTED: Lance Worrall. The government has always looked to engage, regardless of political persuasion or background, the most appropriate and talented people to take on a wide range of roles to assist with the development of South Australia. These appointments have included Robert Champion de Crespigny; former premiers John Olsen, Dean Brown, Rob Kerin; former prime minister Bob Hawke; and many others.

Mr Worrall is well qualified to be chief executive of DTED. As an economic adviser to the Premier's office for five or six years, Mr Worrall played a key role in reshaping the state's economy.

He closely worked with Robert Champion de Crespigny and the EDB on the state's major push to grow the mining and defence sectors.

After leaving the Premier's office in 2008, he spent two years on developing a performance framework on leadership approaches for the state's public sector. He played a significant role in the push to secure the air warfare destroyer contract for South Australia and the establishment of Techport. He was also involved in the establishment of the PACE scheme, which saw a massive increase in mineral exploration in the state.

On a broader front, Lance played an important part in developing South Australia's Strategic Plan, which has become the blueprint for shaping the state. Mr Worrall has previously worked as director of the Manufacturing Advisory Council. His knowledge and understanding of the South Australian economy, its industries and Public Service, make him eminently qualified for the position.

In closing, I pay tribute to former CEO Brian Cunningham, who left the position in April this year. In his tenure Brian oversaw significant changes to the agency. Always popular with his staff and community, Brian has gone to a life in business, and I wish him every success.

Mr HAMILTON-SMITH: Can I just say behalf of the opposition that we are relieved that the government did not accept the recommendation of the Sustainable Budget Commission to close up the department. We are aware that that was being mooted within government. I have also recently reread Labor's election policy prior to the 2002 election, which I think might have been authored by Mr Worrall, where Labor took to the 2002 election a plan to abolish DTED. I am glad that in office the government has matured and realised the value of the role of DTED: on that the opposition and the government are at one.

Whatever role the new minister has had in saving the department should be noted. However, we are concerned about a wide range of issues. Let me start with referring to Budget Paper 4, Volume 1, page 2.4, staff reductions. I am hearing on the streets and out in the industry that 77 people may be gone by Christmas. Is that correct, and how does that sit with the figure given in Budget Paper 4, Volume 1, page 2.4, that only 68.3 FTEs would be gone by perhaps as late as July next year? What are the facts?

The Hon. A. KOUTSANTONIS: I am advised that the DTED staff establishment as of 30 June 2010 was 205.3 FTEs. As of 1 July, the Office of the Economic Development Board was transferred to the Department of the Premier and Cabinet resulting in the amended staff establishment of DTED being 199.3 FTEs. New initiatives announced in the state budget resulted in one additional FTE for the Manufacturing Statement across the forward estimate years and one additional FTE for the cleantech strategy for the three years commencing 2010-11. Commonwealth funding for an ICNSA water domain specialist has been secured, which includes provision for one FTE for the 2010-11 and 2011-12 years. The savings strategies to be implemented over the next four years will result in a reduction of 83 FTEs across the agency, including executives. The programs from which the reduction is anticipated to occur are as follows:

1. A strategic approach to economic development, 24 FTEs.
2. Evolving business in South Australia, three FTEs, in addition to resources being reallocated to higher priority projects, such as Tonsley Park, for which no FTE resources have been secured.
3. Globally integrating the SA economy, 18 FTEs.
4. Marketing SA for economic growth, nil change. However, contractors are expected to reduce and functions realigned.
5. Small Business, Big Impact, 4.5 FTEs.
6. Taking Care of Our Business, 25 FTEs.
7. Regional SA Matters, 8.5 FTEs.

The reduction for 2010-11 is 78 FTEs. Staff have been advised that the figure was 77 FTEs for 2010-11. The 77 FTEs quoted previously was a net figure, including additional commonwealth-funded water domain specialists.

Mr HAMILTON-SMITH: So, just to be clear, did I hear a figure of 78 FTEs as the target for this financial year? Is that correct?

The Hon. A. KOUTSANTONIS: I am advised that is correct, yes.

Mr HAMILTON-SMITH: I think the figure in the budget is 68.3 FTEs to go by 1 July 2011, so that is an additional 10. Is the budget paper incorrect?

The Hon. A. KOUTSANTONIS: I think you are talking about vacancies. The advice I am receiving on that is vacancies. The 192.6 FTEs, I am advised, as published, includes vacancies.

Mr HAMILTON-SMITH: Unfilled posts, okay; so, is it right that those 78 positions will be gone by 1 January (Christmas/New Year)? Are they going in the front half of the financial year or in the back half?

The Hon. A. KOUTSANTONIS: I am advised that the restructure result is a total of 78 positions being abolished in 2010-11, growing to 83 positions in 2013-14. A formalised organisational restructure process has been implemented which provides for effective staff consultation. Whilst a draft structure has been provided to staff for consultation, the final structure is not anticipated to be finalised until 25 October. Staff will be identified for transitioning to new roles during November, with TVSP offers being made in early December. The new agency structure will be implemented as of 1 January 2011.

Mr HAMILTON-SMITH: So, we are aiming to reduce that number of people, that 78, by 1 January. How many of the proposed reductions in the financial year—and you have mentioned this but I just want to be clear—will come from non-renewal of short-term contracts, and what degree of notice of termination in the package for those contracts does the government intend to give those contracted employees? How many of the 78 will be contracts not renewed?

The Hon. A. KOUTSANTONIS: As I advised earlier, the advice I received is that the draft structure has been provided to staff for consultation but that the final structure is not expected to be finalised until 25 October, so we do not have those figures yet.

The CHAIR: Are you happy to keep moving?

Mr HAMILTON-SMITH: If I get out of control, I am sure that the minister—

The CHAIR: Yes, I will rein you in.

Mr HAMILTON-SMITH: He is pretty robust. I think he can take a couple without—

The CHAIR: I am just trying to be fair to the other side of the committee.

The Hon. A. KOUTSANTONIS: We are all on the same side here.

Mr HAMILTON-SMITH: I thank members opposite. Having been a government backbencher, I know what it is like during estimates. As the second half of the question I just asked, what normal termination arrangements exist for contracted people? How much notice and what payout will contracted people get if they are terminated, because it is different from those who are on permanent or other employment arrangements?

The Hon. A. KOUTSANTONIS: I am advised that for Public Sector Act contractors there is a provision for a four-week termination clause within their contract—up to four weeks.

Mr HAMILTON-SMITH: So, these people will get a maximum of four weeks.

The Hon. A. KOUTSANTONIS: Up to.

Mr HAMILTON-SMITH: Up to four weeks, and some will get less. That is quite different from some other employees, but we will come to that. In light of the 25 October deadline, you may not be able to give me an exact figure, but I am interested in how many of the 78 targets by 1 January will go by the use of TVSPs and what the cost will be of paying out and the arrangements for those terminations.

The Hon. A. KOUTSANTONIS: They were detailed in the budget process. Again, until 25 October we will not have the final structure in place, so I cannot tell you the breakdown between contractors and other staff.

Mr HAMILTON-SMITH: The TVSP termination arrangements will be as advised by the Treasurer for other TVSP—

The Hon. A. KOUTSANTONIS: The advice I have is yes.

Mr HAMILTON-SMITH: So, fairly general—in the optimum case, it is up to two years or something like that.

The Hon. A. KOUTSANTONIS: Exceptionally generous.

Mr HAMILTON-SMITH: Apart from TVSPs and people on contracts, what other options will be used to remove employees by that 1 January deadline?

The Hon. A. KOUTSANTONIS: Can you expand on your question? What do you mean? I do not want to mislead you.

Mr HAMILTON-SMITH: There are two aspects: do you hope to fill all the target of 78 employees to go by TVSPs and contract non-renewals alone, or are some of the number, for example, unfilled vacancies that may appear on your establishment but not occupied at present—in other words, no terminations required—or are there any other dismissals options open, for example, the government has not ruled out terminations without the use of TVSPs if required?

The Hon. A. KOUTSANTONIS: The advice I have is that the government has a policy of no forced redundancies.

Mr HAMILTON-SMITH: I think the Treasurer has qualified that during the budget presentation to parliament, when he said that, if needed, they would review that decision. I think he has opened the door for forced redundancies if required.

The Hon. A. KOUTSANTONIS: It is a trigger that the government does not want to pull.

Mr HAMILTON-SMITH: Right, but if you cannot fill the 78 disposals (if you like) by 1 January using TVSPs and contract non-renewals, will you categorically rule out any dismissals?

The Hon. A. KOUTSANTONIS: The advice I have received is that we think we will meet all our savings targets without having to resort to forced redundancies.

Mr HAMILTON-SMITH: That may be the advice you have received, but if you cannot reach the target that has been set by 1 January will you rule out redundancy?

The Hon. A. KOUTSANTONIS: Honestly, I cannot answer a hypothetical question. I cannot see that far into the future.

The ACTING CHAIR (Hon. S.W. Key): Member for Waite, can I ask whether you could—

Mr HAMILTON-SMITH: Refer to the budget papers?

The ACTING CHAIR: Yes, do that, but also, although it is a more casual atmosphere, we will not have a dialogue between the two of you. There are other people waiting to ask questions, so could I ask you to perhaps be a little more formal.

Mr HAMILTON-SMITH: Right. I refer to Budget Paper 4, Volume 1, page 2.4 and Budget Paper 3, page 2.6, so I am still on the reference and am really asking supplementaries. I understand that so far the minister is happy for me to continue.

The Hon. A. KOUTSANTONIS: I want to promote you as much as I possibly can.

Mr HAMILTON-SMITH: Well, we both love industry and trade, Tom.

The Hon. A. KOUTSANTONIS: We do.

Mr HAMILTON-SMITH: It is one thing we have in common.

The Hon. A. KOUTSANTONIS: And Port Adelaide. And Greek women; we are both married to Greeks!

Mr HAMILTON-SMITH: That's true. And being late starters in fatherhood, too. Now we will stop all the frivolity, or we will be pulled up by the chair. Getting back to unfilled vacancies, can you fill some of these 78 disposals by simply saying, 'Look, we have 10 positions on our books that aren't occupied at the moment and therefore there are automatically 10 positions that can be disposed of without having to tap anyone on the shoulder.' Is that the case?

The Hon. A. KOUTSANTONIS: The advice I am receiving is that this will be a total restructure; we will look at every single employee and position. So I really cannot answer that until after the restructure is completed. I am not trying to be difficult. I am just saying that it is a legitimate exercise in really trying to refocus and reshape the department.

Mr HAMILTON-SMITH: By the sound of your answer I take it that most of the positions will either be contract non-renewals or TVSPs. There may be some other surprises in there, but we will know after 25 October.

The Hon. A. KOUTSANTONIS: I am advised that there are also redeployment provisions.

Mr HAMILTON-SMITH: Okay, so there may be some redeployees to the waiting room or to other departments. Let me drill down on this a little further. I refer to Budget Paper 4, Volume 1, page 2.13, Program 2. Going through the new structure, in the area of trade and international market development, or promoting exports, how many people will be employed in roles in that area of trade and developing international markets under the new DTED structure compared to the former structure (before the implementation of this reorganisation)?

The Hon. A. KOUTSANTONIS: As I said earlier, the draft will not be completed by 25 October. I understand that you are trying to drill down and find out what was done before and what will be done after the restructure. It is unfair of me to pre-empt the restructure, but I also want to give you the due respect you deserve in trying to understand the restructure. That restructure will be publicly announced. I know that is not helping you with your answer now, but I have a draft DTED structure in front of me that talks about six FTEs working full time on trade, whereas previously we may have had 16, on the advice I have received.

Mr HAMILTON-SMITH: I am aware of your old structure, and a lot of businesses dealing with DTED, and with the support of DTED, have been ringing me. My understanding is that this area has been obliterated in the draft restructure document you are looking at, and that you have effectively in the draft obliterated this area of trade and international market development in the proposal as it stands. I note your point that that might change on the 21st. I think you have said it will go from 16 to four.

The Hon. A. KOUTSANTONIS: No, to six.

Mr HAMILTON-SMITH: There is some industry concern that there may be only one DTED employee working in this area after the restructure is complete. Are any of the employees you referred to funded by a source other than DTED? Would any be funded by the federal government or some other department?

The Hon. A. KOUTSANTONIS: The advice I have received is four.

Mr HAMILTON-SMITH: So, four of the six are not DTED funded positions: are they funded by the federal government?

The Hon. A. KOUTSANTONIS: Yes.

Mr HAMILTON-SMITH: That takes it down to two.

The Hon. A. KOUTSANTONIS: No, it takes it down to six.

Mr HAMILTON-SMITH: Yes, but four of those positions are funded by others and I gather that others can take them away. We have not seen the federal budget yet. It is important because I note in the budget that the parliament in the past has handled around 40 inbound missions, with 16 outbound missions per annum—the budget talks about 56—involving 400 companies and \$40 million of new export orders. How will it be possible to sustain this level of activity with the new staffing arrangements if there are only six positions, four of which are funded by the commonwealth but over which you do not necessarily have control? They could presumably be redistributed or taken away if they are funded by someone else. What would be the impact?

I would be particularly concerned, for example, about whether you or your department will be able to continue to support activities like the Hong Kong Food Exhibition, Food and Hotel Asia or the MEDICA event that is to occur in Germany in November. How will you sustain these levels of support to industry if you have cut it from 16 down to six, only two of which positions are funded by DTED's payroll?

The Hon. A. KOUTSANTONIS: I think the first thing to point out to the honourable member is that of the original 16 FTEs four were already commonwealth funded. We are maintaining our presence internationally, I am advised, in key markets where the state believes it has the ability to grow and develop. They are places like the United Kingdom, China, India, Vietnam, Chile, Singapore, and Dubai.

What the shadow minister is trying to say is that we are somehow hampering our trade opportunities and income abroad by cutting FTEs in the trade section of the Department of Trade and Economic Development. I do not accept that premise. I do not accept the premise of the question. I do not accept that somehow trade will be hampered by the cuts to DTED. I fundamentally disagree with what he is posing.

The other thing that my chief executive has pointed out, which I failed to do, is that the entire department in other agencies and other areas will be focused on trade and investment, so

we are not working in silos. The days of working in silos are over. The entire focus of the department will be on trade and economic development. We are being a bit strict when we are just looking at a draft restructure and saying there were 16 FTEs, now there will be six, therefore our trade and investment will reduce by the same proportion in the state. I do not accept that.

Mr HAMILTON-SMITH: I am looking at target 1.14 in the State Strategic Plan: to treble the value of export income to \$25 billion by 2014. Clearly, we are not going to meet that target. I am then looking at the facts as they stand, which is that export levels are presently at around \$8.6 billion per annum, which is less than the \$8.95 billion a year ago, and less than the level under the Liberal government right back in 2001-02, when it was \$9.1 billion. We should have gone forward, and here we are cutting the program that nurtures export growth. It does not seem to be consistent with the government's own state strategic guidance. Why are we cutting something, when there is clearly such a gap between where we want to be and where we are?

The Hon. A. KOUTSANTONIS: I think that ignores one fundamental premise and that is the global financial crisis, and the fact that our overseas markets collapsed because of their inability to sustain themselves. Europe, the United Kingdom, the United States, Asia: these places had dramatic impacts on the global financial crisis. The South Australian Strategic Plan set a target for the value of the state's exports of goods and services to reach \$25 billion by 2014. In the calendar year 2009, the total value of South Australia's exports, of all goods and services, stood at \$10.3 billion. The value of South Australia's merchandise exports in the year August 2010 totalled \$8.6 billion, down 4.1 per cent on the previous year.

In the circumstances this has been a solid performance, given the composition of the state's exports historically and the impact of the GFC on our key international markets. Historically, the state's exports have been dominated by road vehicles, parts and accessories, down 61 per cent or \$422 million, and wine, down 13 per cent, or \$192 million, for which the key markets have been the United States and the United Kingdom. These countries continue to feel the effects of the global financial crisis. Cars and wine are highly income sensitive and hence demand for these products in these markets has reduced substantially, impacting on the state's export performance.

Then there is the high Australian dollar. I understand that last night the Australian dollar nearly reached parity, at 99¢. I remember doing an assignment in 1983 in primary school before the dollar was floated—I think the US dollar was \$1.30 to one Australian dollar. This is going to hurt our exports. It is great for tourists and consumers.

The products and services provided by South Australian exporters become more expensive and hence our exporters find it more difficult to be competitive. The value of those commodities that are priced in US dollars is also reduced accordingly. This also comes at a time when, according to the WTO, world trade volumes declined by 12 per cent in 2009, the largest such decline since the Second World War.

These negative impacts have been offset by the benefits of the ongoing diversification of the state's export base and international markets. Minerals-related exports have overtaken cars and wine as the state's largest export, and services exports approached \$2 billion in 2009, led by international education, which is now the state's third largest export.

While exports to the US and Europe declined in the year to July 2010, exports to China and India have recorded strong growth, two trade areas where we have not decreased our presence. China and the ASEAN countries are now South Australia's largest export destinations. The state's export performance is better than the non-mining Australian states of New South Wales (down 16.2 per cent), Victoria (down 5.4 per cent) and Tasmania (down 7.7 per cent), whose goods exports collectively contracted by 11.3 per cent in the year to August 2010. Notwithstanding the decline in export values over the past 12 months, there are signs of recent improvement with export values for the three months to August up 33 per cent compared with a year earlier.

There are positives for export growth moving forward, such as mining projects progressing through approval processes and having funding locked in; continued growth in education and other knowledge-based services; and GM Holden currently pursuing an export opportunity to supply the LAPD with police vehicles, with a decision by the LAPD likely to be known very soon. In addition, the state government continues to be active in assisting South Australian businesses pursue trade opportunities in emerging overseas markets.

The government has announced that the state's overseas offices will be restructured to more effectively build on our co-location in key markets with Austrade, whilst still maintaining our commitment to the growing economies of India and China. While the SASP export target is a

challenging one, there are prospects for a rebound in the state's exports as a result of an upturn in world trade growth, together with anticipated growth in exports of mineral resources.

Ultimately, the structure I think is the one that will work overseas is working with Austrade. I think the idea that there are six Australian states in every jurisdiction around the world setting up their own offices when we have Austrade, quite frankly, does not work. There are some markets where we have a niche and we should be there on our own, separate from everyone else, doing our bit but, ultimately, we have to work cooperatively with the federal government. I like the Austrade model, and I think it works well.

Mr HAMILTON-SMITH: I will come back to the issue of trade offices later on, minister, and I thank you for your answer, but while we are on the subject of staffing in the department, I will move to Budget Paper 4, Volume 1, page 2.13, Program 2, migration promotion. How many people were employed on migration promotion programs under DTED's former structure and how many are to be employed on these programs, based on your draft structure, after the cuts and the implementation of this new DTED arrangement?

The Hon. A. KOUTSANTONIS: The advice I have is that we are going from 18 FTEs to nine. The substantial cuts will be made in terms of the resettlement program rather than people actively pursuing overseas or interstate migration.

Mr HAMILTON-SMITH: Of those nine positions that will remain in this area, are they funded by DTED or are any of them federal?

The Hon. A. KOUTSANTONIS: The advice I have received is that they are all funded by DTED. Given that the demand to migrate to Australia can be high, the removal of these differentiation factors are considered to have a minimal effect on business. In addition, employers who sponsor migrants are now also liable to provide settlement services when these migrants arrive, rather than the state government. Under the terms of the labour agreements, they must sign with the commonwealth. Consequently, the need for the government to provide settlement services has been declining.

Mr HAMILTON-SMITH: Looking at page 2.13 of Budget Paper 4, Volume 1, this area of migration performance, again, seems to be an area where we have done reasonably well, yet our response seems to be to slice it by 50 per cent. I am asking what the impact will be on state sponsorship if we are cutting it from 18 employees to nine; that is halving. What will be the impact on state sponsorship and employer certification targets, the number of new business migrants and employer-sponsored business certifications compared to the claims on page 2.13 of Budget Paper 4, Volume 1? If we halve the number of people we have out there working on this successful program, aren't we going to halve the results, as a bare minimum?

The Hon. A. KOUTSANTONIS: The advice I have received is that your assumption is wrong in terms of the role and function. In terms of the people who are processing the visas, the number of those who are doing the work and meeting the targets has not been halved: they remain. They are the people who are doing the work that is getting the results. Resettlement programs are those that have been targeted for reduction.

Mr HAMILTON-SMITH: Which programs, sorry?

The Hon. A. KOUTSANTONIS: The settlement.

Mr HAMILTON-SMITH: So you feel you will be able to continue to meet the work rate?

The Hon. A. KOUTSANTONIS: Yes, I am personally committed to this part of DTED's role. I think it is something we do exceptionally well.

Mr HAMILTON-SMITH: Moving on to Budget Paper 4, Volume 1, page 2.13, in the same area and looking at the roles of industry investment attraction, how many people would be employed on industry investment attraction functions? What programs or funds will operate under the new DTED structure compared to the former structure before the cuts?

The Hon. A. KOUTSANTONIS: I am advised that there were 16 previously and there will be eight investment and case management FTE positions.

Mr HAMILTON-SMITH: 16 to eight; so it is about half. That is interesting, because my understanding is that it is down to as low as four.

The Hon. A. KOUTSANTONIS: That is not the advice I have.

Mr HAMILTON-SMITH: Again, I notice that somewhere in the budget papers it talks about DTED being involved with around 130 companies, engaged in supporting quite a large number of companies, and a lot of them have been in touch with me. I am wondering how we are going to sustain that level of support to industry stakeholders if we cut the number of people from 16 to eight, and I understood it to be a bit less.

The Hon. A. KOUTSANTONIS: Are you talking about investment attraction?

Mr HAMILTON-SMITH: In the general area of industry investment attraction, yes, and working at attracting companies to South Australia.

The Hon. A. KOUTSANTONIS: The answer to this is again a bit broader than just the number of FTEs who are working in one position. I suppose you have to ask yourself what you think the role of government is. Do we believe in subsidising corporates to move to South Australia? I am not saying that it is your position; I am just saying philosophically is that the position a government should take?

If we go down that path of basically trying to encourage businesses to move to South Australia without a business case by offering them incentives and programs, the reverse of that, while it sounds good, is what if New South Wales, Queensland and Victoria started doing that to us? I would hate to think how much money they would spend in comparison to us. So, I think what we do as a government in maintaining a AAA credit rating, in maintaining good financial order of the budget, in maintaining good corporate structure and governance of our budget and making sure we offer key proposals such as services, health, education, police—the usual mantras—is say to business that South Australia is financially responsible, and we will offer a regulatory framework in which they can invest and move here.

The number of FTEs in DTED working on bringing those companies to South Australia is not as important as maintaining a AAA credit rating, as maintaining spending on the budget, as maintaining Public Service numbers, as maintaining the ability to show business that we can manage our own economy and our own finances. I think what we are showing businesses is that South Australia is ready to do business. We do not pick winners, we do not pick favourites, and we do not offer corporate welfare. What we do is offer investment in industries, broadly, like defence, like Techport, like mining through the PACE scheme. What we do is say that South Australia is somewhere where it is safe to invest, where it is stable.

There is pretty much bipartisan support for business in South Australia. I assume your argument is that DTED is shrinking, therefore service is reduced, therefore worse outcomes for business. I do not accept that modelling. This is not a hospital; we are not cutting front-line staff who are offering bandaging and X-rays.

Mr HAMILTON-SMITH: I am just intrigued at the inconsistencies in the government's strategy. You say that the government does not want to pick winners, but let's compare Defence SA with the Department of Trade and Economic Development. In Defence SA we have picked a winner, and I fully support that. I think that defence generally is a great sector to go after, but we are out there trying to attract investment to South Australia, and the government is proud of what it is doing.

However, this area of trying to attract other businesses in other sectors is where DTED picks up the gap, because there are all sorts of other businesses that want to come here other than defence companies. In this area the government seems to be cutting by 50 per cent the number of people who are working in the area of industry. I see an inconsistency in the government's strategy here, and that leads to my next question, because we are competing with other states for investment. If you are going to cut from 16 to eight—as I said, I understood that it might be fewer, but maybe we are overlapping—how does that compare with other states like Victoria and Queensland, for example, that have been quite aggressive, where the government has set up structures within their departments of trade and economic development to go out and get business?

For example, I understand that in Victoria they have nearly 30 people working in the area of industry investment attraction in their department alone. Heaven knows how many it is in Queensland: you might be able to tell me. So, with the eight people that we will have left in this role, how does that leave us, compared with other states with which we are competing for investment?

The Hon. A. KOUTSANTONIS: If you look at your statement about picking winners and the contradiction that you say I have with defence, I disagree. I think that choosing a company and

saying, 'That is the company we want to move to South Australia because we think they are vulnerable where they are, they haven't been looked after, so we can get them into South Australia and get those jobs,' is picking winners.

Picking a sector and creating a framework around which that sector can thrive, such as a shared facility like Techport, is very different. I think that our success there has been in the joint facility at Techport and in showing that, once winning the air warfare destroyer contract from places like Victoria, we understood what was required. Victoria did not quite understand the change in scope: it went after a traditional 'Let's get this contract; let's get this company; let's go throw some money at it' approach, whereas what the South Australian government did was set up the infrastructure, not the incentive, and I think that is the fundamental difference.

Things like Tonsley will be an example of where the government can do something similar to Techport. Rather than going to companies and saying, 'Please move to the Mitsubishi site. Here's a massive tax incentive; here's a massive WorkCover incentive; here's a big fat cheque to open up your premises in Tonsley,' what we do is set up the regulatory framework whereby they become symbiotic with each other—and you understand what I am talking about.

So, I think the number of FTEs in DTED pursuing that, when you compare it to Victoria, is about right for our population size; it is about on par. The Victorian population is about three and a half times the size of South Australia's, so that is about right, and I think we are doing okay.

Mr HAMILTON-SMITH: On that logic, we would cut the number of people in Defence SA by 80 per cent because we are a smaller state with a smaller population. So, I am not sure if the logic of population size is the one to use. Can I ask you: how many companies is DTED working with at the moment on this issue of attracting them to South Australia? I understand that it is quite a lot, and will you be able to sustain that level of support, or are you going to walk away from a lot of those companies and say, 'We are out of this now; you are left to your own devices. Have a look at us, have a look at the other states and work out where you want to set up'?

The Hon. A. KOUTSANTONIS: My view is that we are going to be more aggressive, and you might say, 'How do you do that with fewer people?' We are not the only economic agency looking at this: PIRSA, mining, defence, bio innovation, Defence SA and all of DTED are in the restructure and will be working on attracting investment. I cannot reinforce this enough: the days of silo operations within departments are over—I just cannot have it.

No minister can say, 'You are the Department of Trade and Economic Development, and you have a department of 100 FTEs'—you would imagine that the entire department's focus would be on trade and economic development. It would not involve just eight officers: everyone in every aspect of the entire department would be thinking, breathing and living trade and investment.

My vision for DTED would be that it is not the only development agency, as there are others that specialise, and I think Defence SA does quite a bit with a very small number of FTEs. I do not have that figure here in front of me but I am sure that it is a very efficient operation. Ultimately, you cannot just count the number of FTEs in one restructure and say that that is the only number of people required to be working on trade and investment attraction: the entire department will be working on it.

So, my answer to that is that you could go from 16 FTEs, who are focusing on it, to 100 FTEs, which is what the department will do in the restructure because everyone will be looking at trade and investment; everyone will be looking at overseas attraction and opening up markets.

Mr HAMILTON-SMITH: Are you able to say how many companies you are working with at the moment?

The Hon. A. KOUTSANTONIS: Yes, sorry. The department has 142 investment leads across a range of industry sectors valued at an estimated \$5.2 billion. We use caseworkers to work with those.

Mr HAMILTON-SMITH: Are they companies you are working with with a view to attracting them here or setting up here?

The Hon. A. KOUTSANTONIS: Or invest here.

Mr HAMILTON-SMITH: Are they Australian-based or include overseas and Australian companies?

The Hon. A. KOUTSANTONIS: It would be a mixture of both, a shandy of both.

Mr HAMILTON-SMITH: I guess my point is that that is a lot of companies who want someone to talk to and, if there are only four or eight people to talk to instead of 16 people to spread that workload around, there is a limit to how good the service can be.

The Hon. A. KOUTSANTONIS: That is my point: it will not be eight, it will be 100, it will be the entire department. It will be everyone in DTED. If there are investment leads, they will not all necessarily be managed by DTED; they will be going to PIRSA. They could go to Defence SA. That is what I want: I want an efficient, nimble department that can spot a lead and say, 'Ah, this is PIRSA.'

Mr HAMILTON-SMITH: That is an interesting point because, if they have been coming to DTED and getting a service and now they come to DTED and they find that, because of these cuts, a number of people are not there, exactly what you have just said may occur—that is, they go off to PIRSA or DTED. So, are we just referring the problem onto another government department, if you like, and saying to people, 'We can't help you. You will have to go off to PIRSA or Defence SA'? Are we just passing the problem on?

The Hon. A. KOUTSANTONIS: No, I do not want to replicate services. I do not want to see duplication. I do not want to see my officers doing work that PIRSA should be doing. I do not want to see PIRSA doing work that DTED should be doing. It is all about horses for courses. If there is a right investment opportunity that really should be handled by PIRSA, our job is to case manage that into PIRSA.

Mr HAMILTON-SMITH: Obviously Mr Worrall has carried a lot of the work associated with this restructure. I refer to Budget Paper 4, Volume 1, page 2.4, and Budget Paper 6, page 32, also deals with this issue. Did the minister tell DTED employees at a special staff meeting that the CEO position would be advertised nationally and openly before Mr Worrall was appointed?

The Hon. A. KOUTSANTONIS: I cannot remember exactly what I said because I usually speak off the cuff, which you and I both know is exceptionally dangerous.

Mr HAMILTON-SMITH: Mr Foley knows that, too.

The Hon. A. KOUTSANTONIS: Yes, he does. I think what I said was that we would look far and wide for the best person for the job; it is just that we were exceptionally lucky that he was standing right next to us all the time.

Mr HAMILTON-SMITH: So, you are not quite sure whether you said at the meeting that it would be advertised nationally and that you would search far and wide.

The Hon. A. KOUTSANTONIS: I cannot remember what I said.

Mr HAMILTON-SMITH: What was the process for the identification and selection of Mr Worrall as the DTED CEO? How many candidates applied, and was Mr Worrall the minister's preferred candidate?

The Hon. A. KOUTSANTONIS: Absolutely, but I will get a more detailed response for you. Mr Worrall was employed on a five-year contract, commencing on 1 July 2010. This contract ceases on 30 June 2015. Mr Worrall was appointed at Executive Level E, with an original total employment contract value of \$295,000, which subsequently increased to \$302,375 from 3 July 2010 as a result of the standard executive pay rise applicable to all executives. Mr Worrall was employed in the capacity of Chief Executive of the Department of Trade and Economic Development after Mr Brian Cunningham resigned to pursue other interests.

Mr HAMILTON-SMITH: Can you just repeat that salary figure: did it start at \$295,000?

The Hon. A. KOUTSANTONIS: Yes.

Mr HAMILTON-SMITH: It went up to \$302,000, but what was the next figure?

The Hon. A. KOUTSANTONIS: It was \$302,375.

Mr HAMILTON-SMITH: So, the current package is \$375,000?

The Hon. A. KOUTSANTONIS: No, \$302,375.

Mr HAMILTON-SMITH: I was going to ask Mr Worrall for his job if you had said that because it sounded too good to be true. I thought it was a meteoric pay rise from \$302,000 to \$375,000.

The Hon. A. KOUTSANTONIS: He does not work for BHP; he works for the government.

Mr HAMILTON-SMITH: Regarding the Executive E package, is that the current package being offered to all similar appointees? There is a new arrangement, the SAES contract model. Why was it an Executive E type package and not the other model?

The Hon. A. KOUTSANTONIS: The advice I have received is that all chief executives in government are appointed by the Premier, so it is really a question for DPC. I will get you a more detailed response.

Mr HAMILTON-SMITH: So the contract is with the Premier rather than—

The Hon. A. KOUTSANTONIS: All chief executives are appointed by the Premier.

Mr HAMILTON-SMITH: I think it was the same when we were in government. Is Mr Worrall's contract identical to all other CEOs? Is it the same model?

The Hon. A. KOUTSANTONIS: Again, I do not want to give you advice when I do not know the answer. I will get you a detailed response.

Mr HAMILTON-SMITH: I just ask whether or not the position was advertised and whether there were other applicants for the job. How did that process work?

The Hon. A. KOUTSANTONIS: I am advised that the appointment of all chief executives is done by cabinet in Executive Council, so I will get some detailed answers for you.

Mr HAMILTON-SMITH: Thank you. I go back to the issue of overseas trade offices that you raised, minister. This is Budget Paper 6, page 33. Exactly what cuts will be made to each overseas office to deliver \$4.4 million in savings over four years?

The Hon. A. KOUTSANTONIS: The premise of the question is cuts, and the advice I have received is that, ultimately, what is happening is that overseas offices are changing their service delivery model. Savings relate to moving offices in Dubai and Singapore to the Austrade model, plus reduction in program funds across all countries. FTE savings within DTED are reflected in the savings initiative entitled International market development—streamline. These will be phased in gradually as existing contracts expire, and they only impact on Singapore and Dubai. The expertise in Singapore and Dubai offices will be migrated to Austrade, ensuring low or no impact on exporting businesses.

Mr HAMILTON-SMITH: What staff reductions, programs or services will no longer be offered at each office? You have mentioned Singapore and Dubai, are they examples of where our people will be—

The Hon. A. KOUTSANTONIS: What I am saying is that we are changing the delivery model. So it will be Austrade. I am advised that the savings are in switching to that model and not maintaining their own presence; they will be in Austrade.

Mr HAMILTON-SMITH: So when you say 'changing to an Austrade model', do you mean, for example, that in Dubai and Singapore we will no longer maintain separate offices but will use the Austrade office funded by the commonwealth? Will we have someone there at a desk who is paid by us, or how will that work? What do you mean, exactly, by an Austrade model?

The Hon. A. KOUTSANTONIS: They will be in Austrade, they will work exclusively for the South Australian government but will be in shared accommodation. They will be working within Austrade and we will pay Austrade a fee. The savings we get from that is, first, shared facilities. What sold me on the entire project with Austrade is that generally you have one or two, sometimes three, people in an office overseas and they are working on a trade delegation. Often trade delegations do not cross over from New South Wales, Victoria, Western Australia or wherever else they might be. With Austrade you can share those costs and have the entire office working on a South Australian delegation. They share leads.

Mr HAMILTON-SMITH: I understand. Will there be staff reductions and will programs or services be cut in any of our overseas posts as a result of the cuts? Will there be any cuts to people and, if so, where?

The Hon. A. KOUTSANTONIS: I do not accept that there will be any service reduction for businesses, on the advice I have received, and, secondly, most of the restructuring and downsizing has already occurred, so I do not think you will see any ongoing decrease.

Mr HAMILTON-SMITH: You mean staff numbers were reduced earlier?

The Hon. A. KOUTSANTONIS: Downsizing has occurred in Singapore and Dubai, and, at the expiry of the current contract relating to these offices, establishing new arrangements under the Austrade model will be investigated. The cost of overseas office networks of some other states is in excess of \$20 million per annum. More than half the overseas office budget is now being spent in China and India. The government has announced that the state's overseas offices will be restructured to more effectively build on our co-location in key markets for Austrade, whilst still maintaining our commitment to the growing economies of India and China.

Mr HAMILTON-SMITH: So, for example, in Dubai was it Mr Alister-Jones and another person, a local? Have they gone now? What is happening to those two, and who did we have in Singapore and what has happened to them?

The Hon. A. KOUTSANTONIS: The South Australian government has appointed a number of special envoys to help develop our trade investment relationships with overseas countries. Current envoys are Brian Hayes to India, Alfred Huang to China, Mr Tay Joo Soon to Singapore, Malaysia and Brunei and Mr Nick Alister-Jones to the Gulf Corporation Council Countries. Nicola Sasanelli acts as Special Envoy, Higher Education and Research, Europe. This position is funded jointly by the Department of the Premier and Cabinet and the Department of Trade and Economic Development, and management of this contractual arrangement has been transferred to DPC.

Envoys are chosen on the basis of their knowledge and network of contacts in their relevant countries. Envoys assist with both outbound and inbound trade and investment missions and in the identification of specific investment targets for SA. As a result of the restructuring of the SA government offices in Singapore and Dubai, DTED recommended the appointment of our former government commercial representatives in those markets as special envoys. This ensures that their extensive in-country knowledge and networks are not lost to our state.

Mr HAMILTON-SMITH: So the envoy scheme has replaced in Singapore and Dubai our offices there. Mr Alister-Jones is our envoy in Dubai?

The Hon. A. KOUTSANTONIS: Yes.

Mr HAMILTON-SMITH: Who is it in Singapore?

The Hon. A. KOUTSANTONIS: Mr Tay Joo Soon.

Mr HAMILTON-SMITH: They will have a desk at the Austrade office, is that correct?

The Hon. A. KOUTSANTONIS: No, they are special envoys.

Mr HAMILTON-SMITH: So they will not be working at the Austrade office?

The Hon. A. KOUTSANTONIS: No.

Mr HAMILTON-SMITH: So will we have someone at the Austrade office?

The Hon. A. KOUTSANTONIS: Yes, we will. I will give you a more detailed answer on the Austrade offices so that I do not mislead you in any way.

Mr HAMILTON-SMITH: But essentially your answer is that there are no staff reductions?

The Hon. A. KOUTSANTONIS: No, I did not say there were not any staff reductions. The staff reductions, I am advised, were three in each office in Dubai and Singapore, but they have already occurred.

Mr HAMILTON-SMITH: Three have gone from each office?

The Hon. A. KOUTSANTONIS: Yes.

Mr HAMILTON-SMITH: And that has occurred in the last few months?

The Hon. A. KOUTSANTONIS: In the first quarter of this year, I am advised.

Mr HAMILTON-SMITH: So what we will have left is those two individuals, Alister-Jones—

The Hon. A. KOUTSANTONIS: And another two.

Mr HAMILTON-SMITH: Any other staff reductions in any of our other overseas offices?

The Hon. A. KOUTSANTONIS: The advice I have is no.

Mr HAMILTON-SMITH: And programs and services that we were running: have they been cut?

The Hon. A. KOUTSANTONIS: I do not think you can quantify it in those terms.

The CHAIR: Government members may have some questions they would like to ask.

Mr HAMILTON-SMITH: I am happy to keep going if they have not.

The Hon. S.W. KEY: Would you, as the Minister for Industry and Trade, outline some of the key initiatives the government is implementing to diversify the South Australian economy, particularly in relation to cleantech?

The Hon. A. KOUTSANTONIS: Thank you, member for Ashford, and I note your keen interest in cleantech industries. Diversification is about broadening the economic activities in the state (in terms of industries, jobs, and the goods and services we produce) to take advantage of new growth areas, and to increase resilience against adverse economic conditions. Continuing to diversify the state economy into emerging industries was one of the themes of the Economic Development Board's recent economic statement, which I believe the Premier spoke about yesterday.

The EDB has called for greater development of the state's knowledge intensive services sector, advanced manufacturing, the cleantech renewable energy industry, and the resources, services and technology supply chain. The government, through the Department of Trade and Economic Development, has prepared development plans for each of these industries that will be delivered in partnership with industry.

These industry development plans build upon the government's efforts to develop key industries such as mining and defence. Key initiatives to develop the state's mining industry include the Program for Accelerating Exploration (PACE) and working closely with BHP Billiton to facilitate and maximise the supply chain benefits from the proposed expansion of its Olympic Dam operations.

In defence, the government has aggressively bid for, and won, federal contracts such as the air warfare destroyer project, and has established distinct defence precincts—Techport Australia, Technology Park Adelaide and Edinburgh Parks—to ensure that companies in the industry can network and collaborate.

The push to facilitate the emerging cleantech renewable energy industry has already begun. Cleantech is the delivery of sustainable energy, waste and water management, while reducing environmental impacts. Building the cleantech industry is critical to assisting South Australia make a smooth transition to a carbon and resource constrained economy.

International studies in this emerging sector indicate that the clean technology sector will continue to grow rapidly in the future, and through the policy and programs of government, South Australia is well positioned to capitalise on this growth. The South Australian government is encouraging further development of the cleantech industry sector in three ways:

- developing policy and programs that increase the local demand for clean technologies;
- facilitating investment attraction and industry development to build industry capabilities and to capitalise on increased local and international demand; and
- continuing to build the understanding of our local cleantech industry sector.

Initiatives to increase the demand for local clean technologies which provide opportunities for local industry development include:

- the DTED-led cross-agency Business Sustainability Alliance, which has worked with over 350 businesses to reduce their resource use through co-efficiency, leading to \$12.1 million of savings per annum to business; and
- a commitment of \$3 million over three years to establish an eco-innovation program, which will provide Australia's first program to implement industrial symbiosis. Based on successful elements of similar programs in Europe, this innovative program is based on the premise that waste from one business (including energy) is a useful input into another business.

Diversification is also being supported through projects selected by other grant programs, such as the South Australia Innovation and Investment Fund (established following the closure of Mitsubishi operations at Clovelly Park), the Small and Medium Enterprise Investment Development Program, the cleantech partnering program, and the Regional Development Infrastructure Fund. With regard to the former Mitsubishi site at Clovelly Park, the government will establish a knowledge-based

employment precinct that will significantly grow the industrial and economic base for southern Adelaide. The proposed sustainable technologies precinct will provide a cleantech industry hub, incorporating world's best practice and innovative leading edge environmental and low emissions technologies. The master plan for the site will be completed in early 2011.

I am pleased to advise members that DTED is actively engaged with over a dozen national and international clean technology companies, with the aim of establishing manufacturing facilities in South Australia, which will provide long-term green jobs and investment for the state.

Mr SIBBONS: It is very warm news that the Mitsubishi site is going to be used, and I welcome that. I refer to Budget Paper 4, Volume 1, page 2.16. Minister, can you provide details of the government's approach to local business participation in major projects?

The Hon. A. KOUTSANTONIS: Yes, I can, and I thank the member for his interest, especially in the Mitsubishi site, as the local member. The Industry Capability Network South Australia performs a critical role in assisting local companies to secure contracts from the supply opportunities produced from the \$70 billion worth of major projects either underway or in the pipeline in South Australia. It is the state government's arm of our national industry linkage network, and I am proud to say that South Australian companies were awarded \$227 million in contracts last financial year, thanks to the work of the South Australian government and the ICN. ICN South Australia accounted for \$135 million of that total for the 2009-10 financial year.

ICN officers located interstate brought an additional \$92 million worth of work to South Australia. The South Australian companies were awarded the contracts after the ICN identified that we were capable of performing the work required. In essence, the Industry Capability Network helps promote local businesses by matching buyers with suppliers to make sure that customers are aware of what is available on their doorstep before they look interstate or overseas.

These successful collaborations equated to over 2,270 jobs created or retained in the state for the following projects: the Iluka mineral sands project, Techport Australia, Santos and Team Australia Automotive. The wins were spread over 26 separate inquiries and the main sectors were manufacturing (\$13 million), electrical equipment (\$4 million), water-related equipment and services (\$30 million), services (60 million) and civil and infrastructure (\$47 million).

ICN South Australia is currently engaged with the following major projects: Air Warfare Destroyer project, Adelaide Desalination Plant, rail car relocation project, Northern Expressway, Team Australia Automotive, South Road Superway, Southern Expressway duplication, and the Royal Adelaide Hospital.

Already, to the end of August in this financial year (2010-11), ICN South Australia has facilitated \$21.5 million worth of contracts for South Australian companies. ICN South Australia has given local companies the chance to participate in a number of major projects and generated substantial employment and subcontract spin-offs.

Nationally, ICN facilitated over \$2.6 billion worth of contracts for Australian and New Zealand companies last financial year, with a large proportion coming from oil and gas sector projects in Western Australia and the Northern Territory. Since its establishment, ICN South Australia has facilitated over \$967 million in contracts for South Australian companies. With over \$70 billion worth of major projects currently underway or in the pipeline, we want local businesses to be considered when opportunities come up.

Mr ODENWALDER: I refer to Budget Paper 4, Volume 1, page 2.16. Minister, can you expand on how the state and federal governments are helping local industry and creating jobs through the South Australian Innovation and Investment Fund?

The Hon. A. KOUTSANTONIS: The South Australian Innovation and Investment Fund (SAIIF) is a \$30 million joint commonwealth and state government investment development program. It was established in 2008 following the announcement by Mitsubishi Motors to close its operations at Tonsley Park. The commonwealth contributed \$27.5 million and the state government committed \$2.5 million to the fund. To date, the fund has provided \$21,123,220 in funding to 19 projects, which is expected to result in \$118.6 million in capital expenditure and 748 full-time equivalent jobs.

Submissions for the third and final round of the fund closed on 10 September. More than 300 further jobs could flow from this round as there is about \$7 million in grants still available. This could mean that, with the jobs already announced, it is very likely that more than 1,000 jobs would have been created when the fund ends. Round 3 will have a particular focus on applicants in defence and renewable energy sectors, and manufacturing and engineering industries.

I am pleased to inform the committee of two successful applicants recently announced. Maxiplus Pty Ltd received \$2.21 million to expand its plastic injection and rotational moulding business to provide advanced injection moulding facilities, creating 69 full-time jobs. Astec Paints Australasia received \$370,000 to install new equipment and measuring systems for its specialised coating business in a purpose-built facility at St Marys, creating 12 full-time jobs.

This funding translates into a stronger local economy and more local jobs. It reflects the determination of both governments to support the South Australian economy and its innovative manufacturers and turn an awful event at Mitsubishi into a positive.

Mr HAMILTON-SMITH: Minister, could you tell me what the level of trade between South Australia and Italy is compared with, say, China? How many millions of dollars is our trade with Italy compared with China?

The Hon. A. KOUTSANTONIS: We have some rough estimates, but I will get you a more detailed answer. I do not want to give anything to the committee that might be misleading or inaccurate, so I will come back to you with a more detailed answer.

Mr HAMILTON-SMITH: But it would be—

The Hon. A. KOUTSANTONIS: I think there are a billion people living in China, and it is an emerging economy with an insatiable demand for minerals, so I would imagine that, of most countries in the world, China would be one of our largest export partners. Italy, a more developed nation, would be different. Given the global financial crisis as well—

Mr HAMILTON-SMITH: My understanding is that our trade with Italy is negligible by comparison with most of our trading partners, so it would be small. I look forward to your answer on the exact figure.

The Hon. A. KOUTSANTONIS: So do I.

Mr HAMILTON-SMITH: I will be very interested in your answer. I refer to Budget Paper 6, page 33. Can you explain to the committee why the government has decided to cut staff and resources at DTED, and at our overseas offices, in the area of exports and international market development and the sort of issues I have been raising, yet it has decided to continue to spend \$1.5 million over a number of years on a promotional event in the Italian region of Puglia on an event called La Fiera del Levante? I understand that minister Portolesi has just come back from there; I have read some of the material. We spend \$1.5 million on an event in the middle of Puglia while we are going through all this pain back here, and I would be interested to know how much we are going to spend over the estimates period on that same event.

The Hon. A. KOUTSANTONIS: Obviously I will get a much more detailed answer to the member but in general terms I think it is fair to say that, in places like Portugal, Italy, Spain and Greece where we have large diaspora here in South Australia, as you would be aware with your better half being from the Hellenic Republic, we would naturally want to take advantage of those links with our local diaspora. I know that many members of parliament travel to Italy, Greece and Vietnam because there are large communities in South Australia who are from those mother countries. Given the large diaspora of Italians here in South Australia—and I think they are our largest single non-English-speaking ethnic community from Europe that migrated here in the 1950s and 1960s—I think it is important that we maintain that level of trade and investment with Italy. The exposure we get in Europe from the Tour Down Under alone is opening up markets.

With the global financial crisis the acronym being used in Europe is PIGS (Portugal, Italy, Greece and Spain). I think you will find that there are a lot of very successful businesses, a lot of very successful exporters, who are based in those countries and are perhaps looking to more stable markets, perhaps in a country where they would feel welcome and comfortable and with which they would be happy to trade. We want to take advantage of that local community we have here and use it in relation to operations involving some of those countries. I think it is advantageous for us to be doing that. In the way you couched your question, I get a sense of where you are going with this, and I can see what you are trying to do. I think it is an eminently defensible project, and I think it is a very good opportunity for South Australia to show its wares.

Mr HAMILTON-SMITH: As a supplementary question, how much are we going to spend over the estimates period supporting this event, the Fiera del Levante, and have we measured any benefits in terms of trade and economic development as a result of our involvement? Can I ask, because you seem quite committed to it, whose initiative was it to establish this investment at this Fiera del Levante? Was it before your time as minister?

The Hon. A. KOUTSANTONIS: I think it was.

Mr HAMILTON-SMITH: What benefits have we got from it, and how much are we going to spend over the estimates period? Will our support continue for the next four years, how much will it cost, and what will be the benefits?

The Hon. A. KOUTSANTONIS: I am advised that we have just come back from our fourth visit—I did not attend—and it will cost us \$185,000 over the forward estimates.

Mr HAMILTON-SMITH: Only \$185,000 per annum?

The Hon. A. KOUTSANTONIS: Per annum, yes.

Mr HAMILTON-SMITH: Is the figure of \$1.5 million correct, though, spent so far?

The Hon. A. KOUTSANTONIS: I'm getting a few looks telling me that that might not be accurate. I will come back to you with a more detailed answer, but I do not think that figure is accurate.

Mr HAMILTON-SMITH: I refer to Budget Paper 6, page 35. You partly answered this question when you talked about special envoys. I understand the government plans to reduce funding for special envoys and that program. Could you outline which envoys are to be cut and what savings will be achieved by cuts to the envoy program?

The Hon. A. KOUTSANTONIS: I will get a more detailed answer for the member. What we are looking for in special envoys is their contacts, their knowledge of the region, and we are looking for them to open doors for us. We make decisions about phasing them out based on when you reach a certain level—we are in there, and we are operating, we are using Austrade contacts—and sometimes the envoys become redundant. Basically, the state pays them quite well. They help us facilitate contacts, they open doors, they give us access, they teach our people on the ground how the country works, how trade works there; and, once we get as much information we can, we move on.

Mr HAMILTON-SMITH: So, which envoy positions have been cut or eliminated?

The Hon. A. KOUTSANTONIS: I will get you a more detailed answer on that. I do not want to mislead you here.

Mr HAMILTON-SMITH: You cannot give us any information at all?

The Hon. A. KOUTSANTONIS: I will get you a really detailed answer so that you have all the information.

Mr HAMILTON-SMITH: A number of special envoys have been cut, though, have they? I think there has been some media from the government about this.

The Hon. A. KOUTSANTONIS: I think there are some whose contracts have not been renewed, but I will get you a detailed answer on that.

Mr HAMILTON-SMITH: We will await the detailed answer, and I hope that will list which envoys' contracts have not been renewed and what savings have been made. Can you tell us why the government decided to keep as one of its envoys, given that some other cuts and economies have been made, Mr Nicola Sasanelli as the special envoy for higher education and research as a higher priority than some other special envoy posts? What are the details of his contract, including which agency provides funding to him and the total amount that will be paid to him over the estimates period?

The Hon. A. KOUTSANTONIS: Nicola Sasanelli acts as Special Envoy, Higher Education and Research, Europe. This position is jointly funded by the Department of the Premier and Cabinet, as I said earlier, and the Department of Trade and Economic Development. The management of this contractual arrangement has been transferred to DPC, so I would ask that you forward your questions to the DPC. If you like, I can seek to get an answer to you.

Mr HAMILTON-SMITH: Since it is funded by DTED—

The Hon. A. KOUTSANTONIS: Part funded, but his contractual arrangements are managed by DPC.

Mr HAMILTON-SMITH: It is a question of interest to me because it is funded by DTED, but that is fine, however you choose to answer the questions. Can you tell me the total amount?

The Hon. A. KOUTSANTONIS: I would have to get an answer from DPC for you. I could probably give you what we pay.

Mr HAMILTON-SMITH: Do you know what you pay?

The Hon. A. KOUTSANTONIS: We give about \$130,000 to DPC for that special envoy. How that is broken up in terms of wages, support, program costs, I do not know.

Mr HAMILTON-SMITH: And that is about half?

The Hon. A. KOUTSANTONIS: I do not know. I do not want to mislead you because I do not know what DPC does, but I will get that for you.

Mr HAMILTON-SMITH: I am advised that the contract is about \$175,000 and that the total cost of the position is around \$250,000, which, if you are providing \$130,000, that is roughly half of \$250,000 (within 10,000), and that it is half funded by you and half funded by the DPC. It is an envoy position of interest and I would like to ask you what Mr Sasanelli's qualifications are for this highly paid position, who recommended him for the position, who made the decision to offer a renewed contract, whether the position was advertised, and have there been any other payments to Mr Sasanelli for any other services outside the contract, and, in particular, was the contract signed just before the government went into caretaker mode before the last election, and was it a five-year contract?

The Hon. A. KOUTSANTONIS: In answer to that, his qualifications and his ability to do his job were sorted out well before I became minister, so I do not have those details at hand. I am advised that the former chief executive, Brian Cunningham, was the person who employed him as a special envoy, but I do not have any further information about that. If you have specific concerns about his ability to be a special envoy then I would say put it in writing to me.

Mr HAMILTON-SMITH: You mentioned that the former CEO hired him?

The Hon. A. KOUTSANTONIS: That is the advice I have. I was not around; I was sitting over there where these guys are.

Mr HAMILTON-SMITH: So, his initial contract was with DTED and it has now been transferred to the Department of the Premier and Cabinet, is that right?

The Hon. A. KOUTSANTONIS: The advice I have now is that the contractual arrangements are managed by DPC. I was not Minister for Industry and Trade when Mr Sasanelli was first contracted.

Mr HAMILTON-SMITH: Given the cuts we are imposing on the department, I am curious why we continue to fund such a significant amount from the Department of Trade and Economic Development for a Special Envoy in Higher Education and Research. Can you tell us what value DTED has received for its investment over the years from paying for Mr Sasanelli as special envoy?

The Hon. A. KOUTSANTONIS: In general terms, when you look at higher education, this state is attempting to lead the nation in its ability to sell South Australia as a destination for higher learning. I think you will see that universities and vocational education and training are something this state is pursuing to be a niche market for itself, the sort of New England of Australia. The benefits of that for us are massive, and I will give an example.

I think young men and women who come to Adelaide to get their higher education, and who then go back to their country, leave with a very positive image of South Australia and Adelaide. While they are developing their skills, some of them come from very high worth families, high worth individuals, who are often trained in high executive roles. When they go back to their mother country to do business and work in their career, many of them have come back to do business in South Australia because of the knowledge they have and the contacts they have made.

I think encouraging investment from Europe, from Asia and from India is exceptionally important in terms of making sure that we maintain those links. Some examples I know of are young Malaysian, Chinese and Indian students, whom I have met in my role as minister, who have come back later on, and I am sure you have met a shadow minister. When I ask, 'How did you hear about Adelaide? How did you get involved with Adelaide?' they say that they were here on exchange, went to school here, or did their degree or PhD here.

Those links are almost immeasurable and a great way for South Australia to showcase to the rest of the world what we have to offer not only economically but socially and culturally, and I

think it is a great program. I do not have any specifics about Mr Sasanelli in front of me, but I will get you some more details.

Mr HAMILTON-SMITH: Thank you for that. Has the government re-signed Mr Brian Hayes as the Special Envoy to India? When was the contract signed, and what is the total remuneration package, particularly what key performance indicators or benefits will we get from the trade and economic development viewpoint of Mr Hayes' appointment?

The Hon. A. KOUTSANTONIS: In August 2008, the Premier appointed Mr Brian Hayes QC as Special Envoy to India.

Mr HAMILTON-SMITH: Sorry, what was the date, minister?

The Hon. A. KOUTSANTONIS: I am advised August 2008. Mr Hayes was born and educated in India and has strong business connections across that country. He is an expert on international law and offers legal advice to a number of countries, including India, Indonesia, Russia and Vietnam.

He was National Chairman of the Australia-India Business Council from June 2006 to June 2010, and he has represented the council on several previous trade missions to India. Mr Hayes travelled to India in his role as special envoy on several occasions during 2009-10, including:

- assisting a Business SA delegation in October 2009;
- accompanying the Prime Minister's visit to India in November 2009;
- accompanying the South Australian Minister for Further Education in December 2009;
- addressing an economic summit in Mumbai in January 2010, and assisting the SA Mining Mission to India in April 2010;
- attending the joint business council with the Australian Minister for Trade (Hon. Simon Crean) and the Advance Australia leadership summit; and
- leading a water mission with the Water Industry Alliance to India in May 2010.

Mr Hayes' activities have resulted in many business contacts being made for key South Australian businesses. In addition, several companies who were attempting to move into the Indian market have progressed through Mr Hayes' introductions.

Mr Hayes has also liaised on numerous projects with the Indian High Commission and the Consul General of behalf of South Australian businesses. This resulted in Indian government officials visiting South Australian businesses. In Adelaide Mr Hayes has met many South Australian businesses for briefings to learn how he can assist the development of exports in India. The South Australian government representative office in Chennai works in collaboration with Mr Hayes, arranging events and appointments. The total remuneration for Brian Hayes in 2009-10 was \$75,000. He has been reappointed for two years and been re-contracted at \$175,000 per annum.

Mr HAMILTON-SMITH: It is not a full-time job?

The Hon. A. KOUTSANTONIS: No; it is not full-time job.

Mr HAMILTON-SMITH: It is an advisory job; \$175,000 a year for each year over the next four years—and that is just salary?

The Hon. A. KOUTSANTONIS: Two years.

Mr HAMILTON-SMITH: Two years, sorry. When was that re-signing?

The Hon. A. KOUTSANTONIS: I am advised it was this week.

Mr ODENWALDER: My question relates to knowledge-intensive services, and I refer to Budget Paper 4, Volume 1, page 2.11. Has the government undertaken any specific initiatives to encourage the further development of knowledge-intensive service industries in South Australia?

The Hon. A. KOUTSANTONIS: That is an excellent question. I wish the member had given me more notice of this question, but I will endeavour to give him a detailed response. The Economic Development Board has identified the knowledge-intensive services (KIS) sector—which comprises creative industries, professional, scientific and technical services, digital technology, information media and telecommunications—as a significant contributor to the economic development of South Australia. There is significant growth in this sector both domestically and

internationally and that trend is likely to continue, with service exports contributing an estimated \$1.9 billion a year to the state's economy. The knowledge-intensive services industry is one of the four sectors that the Department of Trade and Economic Development will focus on over the next three years. The other sectors include cleantech, advanced manufacturing, and the resources service and technology supply chain.

DTED has developed an industry development plan, or action plan, for knowledge-intensive services. This plan coordinates efforts across the agency to foster industry development and ensures that numerous core DTED activities are allowed to focus on knowledge-intensive services, such as establishing across DTED teams for each sector to enable communication and collaboration, and engagement with the ABS to further develop the statistical understanding of key sectors.

A collaborative development of the knowledge-intensive services directory is nearing completion, and the establishment of a collaborative website for South Australian knowledge-intensive service firms is also underway. This will provide market intelligence, access to education and training, business opportunities capability statements and an online copy of the knowledge-intensive sector services directory. DTED is actively engaging with knowledge-intensive services firms across regional South Australia and metropolitan Adelaide, and there are currently discussions with PIRSA, DFEEST and the University of Adelaide regarding collaborative approaches to industry engagement, workforce, and business research linkages.

Mr SIBBONS: I refer to Budget Paper 4, Volume 1, page 2.14. Can the minister provide some information on the review of the state's population policy?

The Hon. A. KOUTSANTONIS: Yes, I can. It is a very controversial part of my portfolio. In 2004—

Mr HAMILTON-SMITH: Congratulations on making a contribution to the issue.

The Hon. A. KOUTSANTONIS: Yes, thank you: it was hard work, but I did it for God and country. In 2004 the Rann government developed a population policy, Prosperity Through People, in direct response to the projections that South Australia's population would head into decline before 2030, with an even earlier decline in the size of the labour force. This scenario was forecast due to slowed population growth, with low and declining fertility rates, an ageing population and a low share of international migration.

Following the release of Prosperity Through People, Australia's strategic plan was released and incorporated several population targets, including one to increase net overseas migration to 8,500 per year by 2014. This was achieved by 2005 and maintained well above the target, increasing each year since then. Recent ABS projections suggest that South Australia's population will grow to between 2 million and 2.5 million in the next 50 years.

Mr HAMILTON-SMITH: We will need a second stadium.

The Hon. A. KOUTSANTONIS: Our population as of December 2009 was 1,633,900. The target is to achieve 1.64 million by 2014. In fact, South Australia has achieved, and is on its way to achieving, most of its population targets. In the year to June 2009 the total fertility rate was 1.88 births per woman. That was taken before I got married! The target is to maintain at least 1.7 births.

The benefits of sustainable population growth cannot be underestimated. A solid rate of population growth means the economy can grow at a faster pace. More people in South Australia means greater demand for houses, roads, schools, hospitals and a raft of retail goods, and as such provides stimulus to our economy. The increase in skilled migrants helps meet the demand for labour by South Australian employers. The inflow of skilled migrants creates a virtuous cycle of higher employment, spending and investment, while keeping a lid on inflationary pressures.

The Rann government recognises that a growing population means that we have to plan to ensure it is environmentally sustainable and socially inclusive. To cater for this the government has put in place comprehensive planning and mechanisms for issues such as climate change, urban planning, transport, provision of health care services, water infrastructure and sustainable resource use. These plans include the 30-year Plan for Greater Adelaide, Water for Good and the State Infrastructure Plan.

The Rann government is going one step further to ensure we get the balance right. In my capacity as Minister for Industry and Trade I am responsible for overseeing the development of the population policy review. This policy development will be supported by a high level, whole-of-government steering group, a team of population experts and public consultation.

Interested stakeholders will be given the opportunity to provide input into the policy's development via public submissions. I am advised that an experts group, consisting of specialists in population matters, will assist the steering committee to develop policy options.

The revised population policy will inform and be informed by the federal government's own review, which will be undertaken by Australia's first Minister for Sustainable Population (Hon. Tony Burke MP). Mr Burke's appointment in April this year is testament to the importance placed by the commonwealth on managing population, while balancing concerns about sustainability of population levels in different parts of the country. In order to coordinate with the federal government's own national population statement (due for release in April 2011), South Australia's revised policy is expected to be ready for cabinet's consideration by mid-2011. Balancing the population with sustainability and economic development is a challenging task, and I look forward to taking the lead in ensuring we get our future population demographics as right as possible.

Mr HAMILTON-SMITH: I know the minister is very keen to answer my remaining questions before 1 o'clock. I refer to Budget Paper 6, page 32. Will the government continue to fund the Australian manufacturing workers industry development program; and, if so, how much money has been allocated over the estimated period, how will it be spent, to whom will it be paid and what benefits will flow from the investment?

The Hon. A. KOUTSANTONIS: In 2009-10 the state government approved \$100,000 (GST excluded) to the Australian Manufacturing Workers Union to fund the employment of a research officer. This resource is critical to ensuring the effective participation and input of unions on the future development of the manufacturing sector of South Australia. In 2009-10 the research officer contributed research and advice to the Manufacturing Consultative Council, specifically related to the global opportunities in the mining and resource sector. The research officer also assisted in the formation of advice to the government, in partnership with other members of the Manufacturing Consultative Council, about developing new programs for the manufacturing industry in 2010-11, including input on the proposed changes to the Industry Participation Policy.

In summary, DTED funding to the ANWU over the past five years is as follows: 2005-06, \$81,000; 2006-07, \$90,000; 2007-08, \$95,000; 2008-09, \$100,000; and 2009-10, \$97,000. The government also provided funding of \$50,000 in 2010-11 to the Australian Industry Group to support the employment of an industry liaison officer to promote the uptake of industry improvement activities and opportunities for diversification in growth industries.

Mr HAMILTON-SMITH: Will that continue over the four years of the estimates period?

The Hon. A. KOUTSANTONIS: Yes.

Mr HAMILTON-SMITH: That will just go up incrementally?

The Hon. A. KOUTSANTONIS: I am not sure it will go up. It is \$100,000 per annum.

Mr HAMILTON-SMITH: Fixed, okay. Is that paid to the union or does it fund a position? Where does that position work and who receives the money? Is it paid to the union and then the union pays the staff position? How is the money actually spent?

The Hon. A. KOUTSANTONIS: It is paid directly to the AMWU, who employ the research officer.

Mr HAMILTON-SMITH: Who works at the AMWU?

The Hon. A. KOUTSANTONIS: I am advised yes.

Mr HAMILTON-SMITH: And then provides support to DTED?

The Hon. A. KOUTSANTONIS: Yes.

Mr HAMILTON-SMITH: Why did you choose to retain that position while cutting funding to Business SA, the Council for International Trade and Commerce, the Technology Industry Association, and Innovate SA? What cost benefit-analysis did you do on retaining this position, as distinct from cutting those other business-related investments?

The Hon. A. KOUTSANTONIS: I am personally committed to it. I think it is important, when we are looking at business investment and opportunities for manufacturing. The one thing that has been lost, unfortunately, in the political divide is that workers and their representatives also want economies to grow. Workers and their representatives want to see manufacturers do well. Workers and their representatives want to see markets grow, want to see us exporting, want to see us diversifying. I think it is important, and I am personally committed to making sure that we get the

views of those people who are in the manufacturing industry, whether they are business or workers.

Mr HAMILTON-SMITH: Would it be better if that position worked at DTED, rather than at the union?

The Hon. A. KOUTSANTONIS: I am advised that part of the time it does work at DTED.

Mr HAMILTON-SMITH: Moving to Budget Paper 4, Volume 1, pages 2.13 to 2.14. Back in July 2008, the Treasurer announced a plan to enter into a memorandum of understanding with the Philippines to bring workers in to South Australia. I remember seeing it on page 1 of *The Advertiser* actually. It was released with great fanfare. This was to provide temporary and permanent resident status to Philippine workers to work in Australian businesses. What is the status of that MOU? Has any progress been made? Is the proposal now defunct, or is it still alive?

The Hon. A. KOUTSANTONIS: To quote a very famous man: 'It might not be achieved in the first 100 days of this administration, nor the first 1,000, nor in our lifetimes, but let us begin.' The proposed memorandum of understanding (MOU) with the Republic of the Philippines acknowledges the Philippines as a valuable source of skilled labour. It is not about driving an increase in migrant numbers but, rather, establishing a framework for collaboration between two governments. The development of this collaborative framework will assist the government of South Australia to work towards putting in place a more effective mutual recognition arrangement of qualifications for offshore trained professionals, and protecting the rights of temporary skilled workers in the state.

The state government maintains a strong commitment to training South Australians and maintaining and improving the skill levels of our current workforce. However, targeted skilled migration is one of the options available to address immediate skill shortages facing our local businesses. There is a high degree of commercial sensitivity around these discussions and details must remain confidential, but the work will—

Mr HAMILTON-SMITH: I knew you would say that. So, an MOU has not been signed with the Philippines?

The Hon. A. KOUTSANTONIS: My advice is that it is a proposed MOU.

Mr HAMILTON-SMITH: Are you saying that, at a government to government level, an MOU is being negotiated?

The Hon. A. KOUTSANTONIS: Developed, I think is the word.

Mr HAMILTON-SMITH: Has any progress been made with this proposal?

The Hon. A. KOUTSANTONIS: As I said in my opening remarks, it may not be achieved in the first 100 days of my tenure or the first 1,000 days of my tenure, but I will begin.

Mr HAMILTON-SMITH: Well, it sounds like it will not be achieved in the first 1,000 years at the pace we are travelling.

The Hon. A. KOUTSANTONIS: I don't answer hypotheticals.

Mr HAMILTON-SMITH: I gather the whole idea of bringing Filipino workers to South Australia to work on this program is never going to proceed.

The Hon. A. KOUTSANTONIS: Well, I am a glass half full type of guy, not a pessimist.

Mr HAMILTON-SMITH: Do you have any intentions of proceeding with this MOU?

The Hon. A. KOUTSANTONIS: I am an optimist.

Mr HAMILTON-SMITH: I think I have my answer, thank you. I will move on to the relocation of DTED. I refer to Budget Paper 4, Volume 1, page 2.22. Which floors and how much space did DTED occupy in Terrace Towers before the department's relocation, and what were the financial terms of exit?

The Hon. A. KOUTSANTONIS: I am advised that DTED's lease on office accommodation at 178 North Terrace (Terrace Towers) and 50 Pirie Street ended on 31 December 2009.

Mr HAMILTON-SMITH: That was the end of the lease period?

The Hon. A. KOUTSANTONIS: That is right. The Government Office Accommodation Committee (GOAC) recommended DTED consider alternatives and present a fully considered analysis of the options for relocation prior to approval being given for an extension of the lease.

GOAC also required that, should a new lease be secured in Terrace Towers and Pirie Street, a full refit was required due to the age of the previous fit-out and the space utilisation was not consistent with current requirements. Three alternative options were considered, in addition to remaining in Terrace Towers and Pirie Street, and the preferred option was the Conservatory. When considering the options, business and operational factors, proximity to Parliament House and SAC and the high profile nature of DTED's business operations identified that the Conservatory was the most appropriate location.

Mr HAMILTON-SMITH: What floors did you occupy in the old building?

The Hon. A. KOUTSANTONIS: DTED?

Mr HAMILTON-SMITH: In Terrace Towers.

The Hon. A. KOUTSANTONIS: We had two full floors and two parts of a floor.

Mr HAMILTON-SMITH: So, floors 10 and seven full, and two part floors—

The Hon. A. KOUTSANTONIS: Nine and eight; so, 11, part; 10, full; nine, part; seven, full, I am advised.

Mr HAMILTON-SMITH: It needed a refit? It was unsuitable for use?

The Hon. A. KOUTSANTONIS: Yes.

Mr HAMILTON-SMITH: What was the total cost of the relocation to new offices, including fit-out, relocation costs, IT expenses and all other costs, and what are the terms of the new lease?

The Hon. A. KOUTSANTONIS: The total budget approved for the project was \$5,061,000, including professional fees, and the project was delivered under budget.

Mr HAMILTON-SMITH: That was everything?

The Hon. A. KOUTSANTONIS: Everything.

Mr HAMILTON-SMITH: What are the terms of the lease?

The Hon. A. KOUTSANTONIS: The total lease cost per annum (post 1 January 2010) is \$1.71 million, which includes \$1.6 million per annum for the Conservatory and \$110,000 per annum for the area at Terrace Towers retained for the Olympic Dam task force.

Mr HAMILTON-SMITH: I might have missed it, but is it a 10 or 15-year lease?

The Hon. A. KOUTSANTONIS: I do not have those details here, but I will get that for you.

Mr HAMILTON-SMITH: Was it absolutely essential to move?

The Hon. A. KOUTSANTONIS: I was not the minister at the time, so I do not know. The advice I have is that it was cost effective for them to move.

Mr HAMILTON-SMITH: Who is occupying that space now?

The Hon. A. KOUTSANTONIS: Which space are you talking about?

Mr HAMILTON-SMITH: The former space—Terrace Towers.

The Hon. A. KOUTSANTONIS: The only thing I can speak of is the Olympic Dam Task Force, which occupies parts of the ninth floor, but the rest is a whole-of-government question. We may have surrendered that lease, I do not know.

Mr HAMILTON-SMITH: I will move to Budget Paper 4, Volume 1, page 2.7: Manufacturing Thinker in Residence. What will be the total cost of engaging the Manufacturing Thinker in Residence? Who will fill the post? What will be the total cost of the undertaking in both payments to the individual and for the program as a whole? When will it start and when will it end?

The Hon. A. KOUTSANTONIS: In 2009-10 the Manufacturing Consultative Council in collaboration with the Australian Industry Group lobbied the government to secure Professor Goran Roos from Finland as South Australia's next Manufacturing Thinker in Residence. Professor Roos will begin his residency in January 2011 and will focus on manufacturing strategy, business model

innovation and research sector linkages. The Australian Industry Group is a key partner for this residency. Total funding for the residency is \$300,000.

The Manufacturing Thinker in Residence program was an election commitment as part of the government's platform at the 2010, successful, state election campaign. It is now fully funded over the forward estimates. The residency will promote the three objectives of:

- facilitating business model innovation at the SME enterprise level;
- enhancing industry, research and higher education linkages; and
- preparing future strategies for manufacturing industry development in South Australia.

The targeted outcome for documented change management tools to facilitate long-term change after the residency concludes includes case studies, business innovation methodologies and industry development policy.

Mr HAMILTON-SMITH: Did I hear a figure of \$300,000 being the cost of the program?

The Hon. A. KOUTSANTONIS: Yes.

Mr HAMILTON-SMITH: Of the \$300,000 for the entire program, how much is paid to the individual (the thinker in residence themselves) and how much is paid for support staff, office space and other administrative items? Is all of that \$300,000 paid to the individual? What is the component he or she gets?

The Hon. A. KOUTSANTONIS: The advice I have received is that the \$300,000 is not paid directly to Professor Roos. The Thinker in Residence program is administered by the Department of the Premier and Cabinet—they could give you a better breakdown, so I will take that part on notice—and we try to defray some of the costs through industry involvement. Just to be clear, it is not a simple: 'Here is a \$300,000 cheque. Please come to Adelaide and talk to us about manufacturing.'

Mr HAMILTON-SMITH: I think you have given me a start and finish dates, from memory. What is the total length of this particular term for the thinker in residence? How many months or weeks will he be doing this?

The Hon. A. KOUTSANTONIS: His residency will begin in January 2011. We are still finalising and negotiating the end.

Mr HAMILTON-SMITH: But it is normally three months?

The Hon. A. KOUTSANTONIS: I am advised it is usually a 12-month program.

Mr HAMILTON-SMITH: Twelve months? Some other thinkers have been much shorter periods.

The Hon. A. KOUTSANTONIS: It is a 12-month engagement, with a three-month break up being involved.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.7. This is to do with the investments the department makes in companies. What is the government's current policy in regard to referral of such proposals to the Industries Development Committee? How many proposals to invest in companies have been taken forward to that committee in the last few years?

The Hon. A. KOUTSANTONIS: I will get you a detailed answer. I have to take the questions on notice.

Mr HAMILTON-SMITH: Where I am heading is: can the minister confirm his understanding of the statutory requirements in regard to referral of investments to the Industries Development Committee above certain levels?

The Hon. A. KOUTSANTONIS: I will get you a detailed answer.

Mr HAMILTON-SMITH: How many investments has the department made in companies—grants, loans or stakes in one form or another, financial assistance in one form or another—to various companies in the past financial year?

The Hon. A. KOUTSANTONIS: There are wide-ranging forms of grants and investments that we operate, manage and make. I do not have a breakdown of them in total here in front of me, but I will undertake to give you and the committee a breakdown of all of them for the last financial year.

Mr HAMILTON-SMITH: So you will give me a list of all the investments that you have made?

The Hon. A. KOUTSANTONIS: Yes.

Mr HAMILTON-SMITH: And you will come back to me on the requirement for those investments to go through the Industries Development Committee, and your understanding of that?

The Hon. A. KOUTSANTONIS: Yes.

Mr HAMILTON-SMITH: Are there any investments that you have made in any companies that are causing you concern at the moment in regard to the company's ability to repay the loans?

The Hon. A. KOUTSANTONIS: I am not going to name any companies here now, because I think that will commercially compromise them. It is not an irresponsible question; it would be irresponsible for me to answer it. The opposition, I understand, would have concerns about this. I would be happy to give you a private briefing as long as it is not on the public record.

Mr HAMILTON-SMITH: I think the point is that the Industries Development Committee is a vehicle for those bipartisan understandings to be struck—

The Hon. A. KOUTSANTONIS: I absolutely agree.

Mr HAMILTON-SMITH: —but my concern is whether or not it is being used.

The Hon. A. KOUTSANTONIS: I absolutely agree with you.

Mr HAMILTON-SMITH: In the time remaining, I seek leave to have these omnibus questions inserted in *Hansard* my reading them.

Leave granted.

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 above \$10,000 in 2009-10 for all departments and agencies reporting to the minister—listing the name of the consultant, contractor or service supplier, 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 2010, 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 financial year 2009-10 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2010-11? How much was approved by cabinet?

5. Between 30 June 2009 and 30 June 2010, 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?

6. For the year 2009-10, 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 grants, and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

7. 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?

8. For each department or agency reporting to the minister, how many Targeted Voluntary Separation Packages (TVSPs) will be offered for the financial years 2010-11, 2011-12, 2012-13 and 2013-14?

Mr HAMILTON-SMITH: I thank the minister and the staff for the hard work they have put into these estimates. I know that estimates come in for a bit of a pounding, but I believe they are very important not just for the opposition but also for a good government to go through this process every year. I thank everyone for their effort.

The Hon. A. KOUTSANTONIS: I would like to thank the committee for its hard work and diligence. I know it is tough for some of the people who do not get to ask questions, but one day you will.

Mr HAMILTON-SMITH: I could ask one final question: what did the minister think of the Sustainable Budget Commission's recommendation that Defence SA being subsumed back into a major department?

The Hon. A. KOUTSANTONIS: I think it is an excellent idea.

The CHAIR: There being no further questions, I declare the examination of the proposed payments for the Department of Trade and Economic Development adjourned to Estimates Committee A on 13 October.

[Sitting suspended from 13:00 to 14:00]

DEPARTMENT FOR CORRECTIONAL SERVICES, \$214,234,000

Membership:

Mr Goldsworthy substituted for Mr Hamilton-Smith.

Witness:

Hon. A. Koutsantonis, Minister for Industry and Trade, Minister for Small Business, Minister for Correctional Services, Minister for Gambling.

Departmental Advisers:

Mr P. Severin, Chief Executive, Department for Correctional Services.

Ms S. Lees, Executive Director, Finance and Asset Services, Department for Correctional Services.

Ms J. Casey, Manager, Executive Services, Department for Correctional Services.

Mr M. Sykes, Ministerial Adviser, Minister's Office.

The CHAIR: I declare the proposed payments open for examination and refer members to the Portfolio Statements, Volume 2, Part 5. I call on the minister to make a brief statement, if he wishes.

The Hon. A. KOUTSANTONIS: It has been said many times that correctional services is a difficult area of public administration, with unique challenges for its staff to manage, and the only sentiment that I can add is that, as far as I am concerned, our staff in correctional services do it as well, if not better, than anywhere else in the world. Every day our staff must deal with difficult people with complex needs whose behaviour must be constantly supervised and managed. Correctional services staff are to be commended for their professionalism and their vigilance in helping make our community a safer place.

During 2009-10, the Department for Correctional Services continued to achieve its objective of effectively managing the prison system and community corrections. It is worth noting that the state's prison system reached its peak during the 2009-10 year on 1 September 2009, with 2,035 prisoners being effectively managed across the state's nine prisons, and that, on average, 1,963 prisoners were accommodated on any given day.

Nevertheless, the decision to cancel the new prison project has given the department an opportunity yet again to rise to the challenge of demonstrating its capacity for innovation. In this sense, corrections has already commenced initiating and applying a reviewed agenda for change and enhancement. The department remains firmly committed to the provision of quality services, and providing safe and secure facilities for the anticipated growth of the state's prison population.

The government has allocated funds for new infrastructure to be built at Mount Gambier and Port Augusta prisons, and preliminary planning is underway. A low security 36-bed accommodation unit is currently being constructed at Port Lincoln and will become operational in early 2011. Improvements to the department's service delivery have also been a priority, and in this regard the department's Shaping Corrections program has already delivered some very important outcomes in regard to offender management.

The Sierra program is another exciting and groundbreaking new program which is currently being run at the Port Augusta Prison. It targets young offenders aged between 18 to 23 and focuses on self-discipline, education, fitness and teamwork. The highly structured and disciplined regime is also supported by intensive education, and options for prisoners who complete the program include: movement to low security programs, such as Mobile Outback Work Camps or the correctional services BHP Billiton Prisoner Reintegration Employment program, or, if appropriate, transfer to the Port Augusta Prison's Aboriginal Accommodation Unit.

It is sad to say that the department, like all jurisdictions worldwide, faces the ongoing challenge of stopping drugs entering prisons. The department's Intelligence and Investigations Unit works closely with SAPOL to monitor the activities of prisoners and their visitors, to intercept and reduce the flow of contraband into the prison system. During 2009-10, 25,119 searches were conducted on prisoners, their cells and property throughout the prison system.

We have run many successful search operations in the prisons, and will continue to do so. We also monitor visitors to prisons and intercept any attempts by members of the public to introduce drugs to our prisons. As a result of these committed efforts, seven visitors were reported or banned by police and a further 15 visitors were banned from visiting prisons during 2009-10.

Looking to the future, in May 2010, the Department for Correctional Services central office was relocated to new premises at 400 King William Street. This impressive building sets the benchmark for government office accommodation standards and has a five-star energy rating. Looking forward, the government has demonstrated its commitment to community safety by announcing plans to strengthen legislation relating to parole and the prison system. Cabinet recently approved the drafting of amendments to the Correctional Services Act and associated regulations, which will see parolees more quickly removed from our streets if they breach conditions or reoffend.

Among other things, proposed amendments, which are currently out for consultation, will also make it an aggravated offence to introduce illicit drugs into the prison system and give correctional officers greater powers to search visitors, prevent recently discharged prisoners from visiting prisons and require parolees convicted of child sex offences to disclose the nature of their offending to prospective employers. These changes will increase public protection and strengthen the safety and security of our prison system.

The 2010-11 budget for the department further supports the ongoing commitment to law and order of this government. The recent budget announcements include additional funding for beds at Port Augusta Prison and ongoing funding to strengthen parole, including improving offender education and rehabilitation outcomes.

Like all of government, the department will be required to reach savings targets that will be realised through reduction in general expenditure, lowering cost of service models and rationalising support functions and reducing the number of executive employees. There will also be effects on the department's employees, as with all public servants, concerning leave loading and long service entitlements.

Although there have been some tough decisions, the budget for the Department for Correctional Services demonstrates the government's commitment to law and order and its recognition of the value of the difficult operations undertaken by this department and its staff.

Mr GOLDSWORTHY: We will go straight to questions, Mr Chair. I refer to Budget Paper 5, Capital Investment Statement, page 17. According to this reference, \$32.267 million is the estimated total being spent on additional prisoner accommodation in the budget. In 2009-10, this figure was \$15.521 million. Is it right to presume that the majority of the difference between this year and last year is the amount to be spent on the 80-bed facility at Port Augusta?

The Hon. A. KOUTSANTONIS: The advice I have received is yes.

Mr GOLDSWORTHY: Can the minister provide a breakdown on where the total sum of \$32.267 million will be spent specifically, other than on the Port Augusta facility?

The Hon. A. KOUTSANTONIS: The advice I am receiving is that an exact breakdown is not available here, but we can provide it for you.

Mr GOLDSWORTHY: Thank you. I refer to Budget Paper 5, page 17, and I have another question in relation to prisoner accommodation. Can the minister provide details on how many new beds were added to the system in the last financial year?

The Hon. A. KOUTSANTONIS: As a result of the deferral and eventual cancellation of the New Prisons and Secure Facilities Project, the government provided \$30 million in the 2008-09 Mid-Year Budget Review for the construction of two medium to high 80-bed cell blocks at Port Augusta and Mount Gambier prisons; \$7 million for an addition of up to 72 low-security beds at Port Lincoln and Mount Gambier prisons was available from funds provided in the previous budgets for prisoner accommodation. These funds were allocated in recognition of the projected growth in numbers of prisoners and the need, therefore, to construct additional infrastructure, given the deferral and eventual cancellation of the New Prisons and Secure Facilities Project.

In the 2009-10 financial year there was an increase to prisoner capacity of 14 beds through doubling up of identified appropriate cells at Port Augusta Prison. This is reflected in the Portfolio Statement, page 5.173. The Portfolio Statement reports a target for 2010-11 for improved capacity as 2,107 prison beds. This is a 36-bed increase, as the department will commission 36 additional beds at Port Lincoln during the current financial year.

Mr GOLDSWORTHY: In relation to prisoner accommodation, there has been some speculation that the regimes the prisoners undertake, particularly at Cadell, are failing. However, as I understand it, prisoners are not being sent back to higher security prisons as a consequence of them not maintaining their regimes, particularly when they fail drug tests, because there is simply no accommodation there. Is that the case, minister?

The Hon. A. KOUTSANTONIS: I resent the premise of your question, that prisoners who test positive for a banned substance are not given a change in regime, whatever you want to call that—punishment or what have you. That could mean a range of things, including stopping visitors, which is very important. However, if the opposition is asking whether every single prisoner who tests positive to a banned substance—whether that is alcohol, drugs, prescribed medication that is not theirs, whatever it might be—is immediately transferred out of Cadell, those are not decisions that politicians should make. They are decisions that should be made by Corrections, and, in my opinion, they are decisions that are made by the very high-standard, professional corrections staff for the good order and management of a prison. So I reject that premise.

However, it must be recognised that there is an increase in the drug testing regime at Cadell Training Centre due to its low security classification. It is an open prison; there are no fences. Let us understand that, to start with. It is an open prison, and has drug-free cottages. If a prisoner is found to be in possession of a drug at Cadell Training Centre the prisoner is referred to SAPOL for appropriate action. That often involves an expiation notice and seizure of the drugs and implements. Prisoners who return a positive drug test are dealt with internally through regime modifications, charges—as appropriate—through the Correctional Services Act and regulations, and/or are moved to secure custody.

Mr GOLDSWORTHY: That means that, if they test positive for drugs or are found to be in possession of drugs, it does not trigger an automatic procedure where they move from Cadell into a higher security facility?

The Hon. A. KOUTSANTONIS: I am saying that all prisoners who should be transferred are transferred.

Mr GOLDSWORTHY: But it is not automatic?

The Hon. A. KOUTSANTONIS: That has never been the policy of our government or your government.

Mr GOLDSWORTHY: Focusing on Budget Paper 5, page 17, according to this, \$5.3 million has been set aside for the department's central office relocation, and I know that the minister referred to that in his opening statement. It is going to 400 King William Street, is that what you said?

The Hon. A. KOUTSANTONIS: Yes.

Mr GOLDSWORTHY: Is the minister able to give us any more detail in relation to the relocation? Has it already taken place?

The Hon. A. KOUTSANTONIS: Yes; members of the opposition were invited to the opening but did not attend. The Department for Correctional Services central office was relocated to new accommodation at 400 King William Street, Adelaide, in May 2010 for a total estimated cost of \$5.3 million. The previous central office was located at 25 and 33 Franklin Street, Adelaide. When I first became the minister I visited that old building and it was a disgrace that any public servant was being asked to work in those conditions.

The fit-out of 25 Franklin Street, the former Public Trustee building, was over 15 years old, too small and inefficient. Aside from the inefficient layout and the risk associated with the lease expiry of the Public Trustee building, other concerns identified by the Department for Correctional Services and the Department for Transport, Energy and Infrastructure included: no insulation in the ceiling on the top ninth floor, leading to unacceptable temperatures; inadequate air conditioning, particularly on the northern and eastern sides of the building, with staff using personal fans and heaters; and poor quality lighting throughout the building. The new office was completed in accordance with the government's office standards. The fit-out is targeted to achieve a five-star green office rating under the Green Building Council's rating system. All opposition members of the Public Works Committee were invited to the opening but failed to attend.

Mr GOLDSWORTHY: Which building is 400 King William Street? Is it the new building in Victoria Square?

The Hon. A. KOUTSANTONIS: No, it is not in Victoria Square: it is on the corner of Gilles and King William Streets.

Mr GOLDSWORTHY: So, it is further south?

The Hon. A. KOUTSANTONIS: Yes.

Mr GOLDSWORTHY: Still on the same page, minister: according to page 17, \$43.2 million will be the total cost of the Northfield infrastructure upgrade, with over \$9 million being spent in 2010-11. We have been advised that this facility is an ageing facility and certainly in need of significant upgrade.

The Hon. A. KOUTSANTONIS: Are you talking about the Royal Adelaide Hospital or Yatala?

Mr GOLDSWORTHY: I am talking about the total cost of the Northfield infrastructure upgrade. We will build a new hospital where it should be.

The Hon. A. KOUTSANTONIS: No, you were going to rebuild it where it was, remember? Have you forgotten?

Mr GOLDSWORTHY: Yes, that is right: we were going to build a new hospital on the current site.

The Hon. A. KOUTSANTONIS: Sure you were. Following the cancellation of the new prison project in June 2009, the government approved \$43.2 million to undertake works to upgrade the existing infrastructure at the Northfield prison site. The sites include Yatala Labour Prison, Adelaide Women's Prison and the Adelaide Pre-release Centre. An audit of the existing built infrastructure, associated services and the site secure infrastructure was completed during the 2009-10 period.

The following works are planned to upgrade the existing infrastructure and facilities to ensure ongoing delivery of safe and secure services at these sites: upgrade the main gatehouse and access control systems, including person and baggage screening systems (that is, walk-through metal detectors and baggage X-ray) at the Yatala Labour Prison and the Adelaide Women's Prison; upgrade central kitchen facilities at Yatala and the Adelaide Women's Prison; upgrade health centre facilities at Yatala; establish a high dependency unit at Yatala Labour Prison; upgrade electronic and physical security systems at Yatala Labour Prison and the Adelaide Women's Prison; commission a 20-bed accommodation unit at the Adelaide Women's Prison; upgrade a number of cells to safe-cell standards at Yatala Labour Prison and the Adelaide Women's Prison; and upgrade building and associated building service infrastructure to appropriate standards for Yatala, Adelaide Women's Prison and the pre-release centre.

These works commenced in 2009-10 and will be undertaken progressively over the next three years and are expected to be completed by the end of the 2012-13 financial year, subject to specific designs and costings falling within available funds.

Mr GOLDSWORTHY: On the same page, \$550,000 is the estimated total cost of the Gawler Community Corrections Centre. The 2009-10 budget indicated that this facility would be ready by June this year, but we understand that that is yet to occur. Will the minister advise us why the facility is not yet operational and what is actually happening with it? When it is opened, what will it provide and what will take place there?

The Hon. A. KOUTSANTONIS: The advice I am receiving is that when we appropriated the money, or received the money in the budget, for a new Gawler community correctional centre,

we had not yet identified a site. The site selection took longer than anticipated, and I understand that the building owner commenced works to upgrade the tenancy area in mid-2010 and the office is expected to be operational by the end of this year or early 2011, but it will come in on budget, on the advice I have received.

Mr GOLDSWORTHY: What services will it provide? What will actually take place there? Is it for people just to go and—

The Hon. A. KOUTSANTONIS: It is a community corrections facility, so the funding was made to diversify the supervision of offenders under community corrections orders in the northern part of the metropolitan area. The number of offenders reporting to the Elizabeth Community Correctional Centre has increased by 34 per cent since January 2004. Offenders reporting to the Elizabeth Community Correctional Centre who reside outside the northern metropolitan area of Adelaide, such as Gawler, Barossa Valley, Mid North, Yorke Peninsula, Two Wells and Virginia comprise about 270 offenders.

It is estimated that there will also be an increase in offender numbers residing in the Salisbury, Mawson Lakes and Playford North areas due to general increases in those areas. It should also be noted that there are now five magistrates operating daily at Elizabeth Magistrates Court. The new community correctional centre at Gawler will ensure that the department can manage the additional offenders from Gawler and adjacent districts. It will do graffiti removal programs, it will be general supervision, reporting procedures, that sort of thing, and a work base.

Mr GOLDSWORTHY: Same page, same paper: stage 3 of the prison security systems project is scheduled to be completed in June 2012, a year later than was flagged in last year's budget. Can you explain why the project has been delayed and the actual current state of the project, where the project is currently at?

The Hon. A. KOUTSANTONIS: I suppose your question is: we have got the money to do the work in one year, so why has it not been completed? The money was appropriated for a four-year program. So it is rolling out over four years.

Mr GOLDSWORTHY: Okay; so what stage is the project currently at?

The Hon. A. KOUTSANTONIS: It is the last year of the current round of funding, on the advice I have received.

Mr GOLDSWORTHY: I think what I am saying is, in terms of the rollout of the project—

The Hon. A. KOUTSANTONIS: The infrastructure, the actual work—

Mr GOLDSWORTHY: The funding, but also the works as such.

The Hon. A. KOUTSANTONIS: As the member for Kavel will be aware, with changing technologies, things become redundant pretty quickly and things like changing video recording equipment from VHS to digital, refreshing brand-new cameras are all being rolled out over a four-year period throughout all our prisons.

Ms SANDERSON: According to Budget Paper 6, page 70, \$3.8 million will be spent over the next four years on prisoner education and rehabilitation within our prison system. Clearly, most prisoners will be released one day and the opposition supports the department being well resourced to provide sufficient education and rehabilitation programs. Could the minister please give a breakdown on how these funds will be allocated?

The Hon. A. KOUTSANTONIS: The Department for Correctional Services is committed to providing opportunities for prisoners and offenders to enhance employment opportunities through offering effective educational and vocational programs. Programs in education are aimed at reducing reoffending and contributing to public protection.

The number of prisoners and offenders involved in educational/vocational programs is fewer than the 2009-10 target of 2,222. The target of 2,222 was based on the previous year's result of 2,141. This is due to the implementation of a revised offender education model, which sees the department placing improving literacy and numeracy levels as its highest service priority. This is in response to a recent assessment of 150 prisoners that showed 75 per cent of participants had literacy and numeracy levels below functional levels of grade 8. As such, the department has committed its efforts and resources to assist these prisoners before they are released from prison.

The revised model's service delivery priorities were endorsed by the department's executive on 23 April 2010 and places those prisoners assessed as high risk of reoffending, with low literacy and numeracy levels as the top priority for service delivery. To support the identification

and prioritising of prisoners with poor literacy and numeracy, a standardised literacy and numeracy screening tool was developed. Prison general managers work closely with intervention staff and education coordinators to ensure alignment with the service delivery priorities.

A target of 1,600 prisoners enrolled in education and training has been set for 2010-11, which takes into account the revised education service model, whereby the priority program will continue to be literacy and numeracy. Restructure of the vocational training program during 2010-11 in prisons and community corrections will also enhance employment opportunities for those completing sentences. It is no mistake that South Australia leads the nation in the number of people involved in literacy and numeracy programs in our prisons—more than double the national average, which is something I am very, very proud of.

Ms SANDERSON: I refer to the same budget paper and the same page. Further to the prisoner education and rehabilitation programs within our prison system, the shadow minister receives correspondence from prisoners and their families who question whether these programs are being efficiently resourced. Can the minister confirm that the education and rehabilitation programs, important programs for prisoners who will be released back into society, will be quarantined from the general expenditure reductions flagged within the DCS?

The Hon. A. KOUTSANTONIS: Can you give me an example of a program you are talking about?

Ms SANDERSON: Education programs.

The Hon. A. KOUTSANTONIS: The answer is that, absolutely, they will not be cut.

Ms SANDERSON: So, the money will be quarantined so that it cannot be reduced?

The Hon. A. KOUTSANTONIS: Yes.

Mr GOLDSWORTHY: I refer to the same budget paper and the same page. In relation to education and rehabilitation, I understand, minister, that you have mentioned in the past programs relating to education and rehabilitation. How do you provide consistency in the provision of these programs when prisoners are transferred between prisons? I understand there is a relatively high level of prisoner transfers between the correctional facilities, so how do you maintain and provide consistency to those prisoners who are transferred between the facilities?

The Hon. A. KOUTSANTONIS: There is a level of consistency across all of our prisons, which is common sense. It does not matter which prison you are in, if you enrol in a program, the same service will be delivered in every prison—it is the same as with public schools.

Mr GOLDSWORTHY: Another question that comes to mind is that one prisoner who is completing a program may well be at a different stage from another prisoner. Does a file or something go from one facility to another to tell the managers of the next facility where the prisoner is in terms of their education or rehabilitation programs?

The Hon. A. KOUTSANTONIS: My advice is that prisoners have a file that follows them on education, the whole works, throughout their career in our correctional facilities.

Mr VAN HOLST PELLEKAAN: I refer to Budget Paper 6, page 63, departmental efficiencies. The government intends to save \$5.7 million over the four years of the estimates period, rationalising the support functions, lowering delivery cost models and general expenditure reductions. Minister, could you please more fully explain these rationalisations?

The Hon. A. KOUTSANTONIS: Correctional Services employees are public servants and, therefore, will be affected by the budget announcements that see some entitlements changed for a number of employees. Making changes to the public sector employee entitlements is a tough decision. While it is true that some correctional employees—and I mean 'some'—will lose some leave loading and the days accrued of long service leave will change, let me say from the outset that no seven-day-a-week rotating shift-working correctional staff will lose any leave loading entitlements. They will still receive 17.5 per cent leave loading or applicable penalties, whichever is greater, on their recreation leave, and those employees losing leave loading will get an extra two days annual leave instead. I value our correctional employees, who do a great job. This is further demonstrated by the exclusion of our frontline service delivery occupations in the FTE reduction targets identified in the Mid-Year Budget Review.

Mr VAN HOLST PELLEKAAN: The question was about support functions, lowering delivery cost models and general expenditure. Are you saying that all those things fit into staff reductions?

The Hon. A. KOUTSANTONIS: The department abolished the following positions in 2009-10: several positions associated with implementing a new business model for prisoners' industries, a VET education coordinator, a librarian, an evaluation officer and a number of positions due to the restructure of the metropolitan community corrections regions, the risk manager position replaced with external advice as required, 4.75 FTEs in the central office administration, and one management and two administrative positions.

Mr VAN HOLST PELLEKAAN: So, minister, no efficiencies other than staff cutting: is that what you are saying?

The Hon. A. KOUTSANTONIS: Other savings targets in addition to the FTE savings: the 2008-09 budget applied a savings target of \$0.3 million in 2009-10, a further \$0.6 million in 2010-11, and a further \$0.9 million in 2011-12. The 2009-10 savings targets of \$0.3 million have been achieved by applying indexation to internal budgets by exception only and by achieving greater efficiencies across the department by applying budget restrictions to items such as conferences, recruitment, training, travel, telecommunications, printing and copying, and staff and offender clothing. In 2010-11 the budget has applied a further savings target of \$0.442 million; \$0.463 million in 2011-12, \$0.696 million in 2012-13 and \$0.713 million in 2013-14.

The savings strategies for 2010-11 and 2011-12 are currently being considered by the department's executive and include implementation of business centres, consolidating administrative functions carried out in prisons and community corrections, achieving economies of scale, applying indexation to internal budgets by exception only, and the further review of discretionary items across the department.

Mr VAN HOLST PELLEKAAN: I refer again to Budget Paper 6, page 63, but this time referring specifically to executive employees. The government intends to cut the number of executive positions across government by 20 per cent. Would the minister please advise which executive positions are being cut within DCS?

The Hon. A. KOUTSANTONIS: We have not made any decisions about that yet.

Mr VAN HOLST PELLEKAAN: When do you expect to make those decisions?

The Hon. A. KOUTSANTONIS: Soon.

Mr VAN HOLST PELLEKAAN: How soon?

The Hon. A. KOUTSANTONIS: As soon as we make them, we will let you know.

Mr VAN HOLST PELLEKAAN: Within this financial year?

The Hon. A. KOUTSANTONIS: By 2012-13.

Mr VAN HOLST PELLEKAAN: Presumably in that same decision-making process you will go through the normal exploration of whether people's contracts are terminated, whether they get the voluntary separation or move to other departments.

The Hon. A. KOUTSANTONIS: That is a matter for the department.

Mr VAN HOLST PELLEKAAN: You will explore the full range of things that are explored in all other departments.

The Hon. A. KOUTSANTONIS: You are talking about executive positions, aren't you?

Mr VAN HOLST PELLEKAAN: Particularly executives, yes.

The Hon. A. KOUTSANTONIS: They are not eligible for TVSPs.

Mr VAN HOLST PELLEKAAN: Okay, but you still do not know what you will be doing with cutting your executives?

The Hon. A. KOUTSANTONIS: No; as I said to you, 2012-13.

Mr GOLDSWORTHY: I refer to Budget Paper 4, page 5.169. The table at the top of the page refers to the net cost of each of the three programs: rehabilitation and reparation, custodial services, and community-based services. Can you provide a breakdown of the full-time equivalents employed in each of those three programs?

The Hon. A. KOUTSANTONIS: The Department for Correctional Services employs approximately 1,573 full-time equivalent employees, of whom approximately 1,650 are actual employees. This compares to 1,580 FTEs in 2008. Of the employees, approximately 1,050 FTEs

work in custodial services either directly or contribute to supervising prisoners. Approximately 300 FTEs work in community corrections supervising offenders, and approximately 40 FTEs work in offender development support providing assessment and rehabilitation of prisoners and offenders. Of the remaining FTEs, approximately 183 are employed in the department's central office providing a diverse array of administrative and support functions of the department.

The Hon. S.W. KEY: I refer to Budget Paper 4, Volume 2, page 5.171. I understand that the Department for Correctional Services has been in partnership with BHP Billiton for some while with regard to a prisoner work project. Could you give the committee an update on that program?

The Hon. A. KOUTSANTONIS: This is one of my favourite programs. In October 2009, I informed the house about an exciting new partnership between Port Augusta Prison and BHP Billiton to develop a project that provides low security prisoners with opportunities to develop skills and improve their chances of securing employment upon release.

To give a bit of background to the committee, imagine yourself to have been in prison. In an application for a job, when you are asked what was your last place of employment, and you say you were working in a kitchen in a prison, it is often going to be very hard for someone to gain meaningful employment with that sort of criteria. So what we have done with BHP, broadly—and I will go into specifics in a minute—is allow BHP and people who provide employment to BHP—employees—to see these prisoners in work, to see how they operate, removing a bit of that myth about some prisoners.

When I was up there I spoke to a young man who told me that his grandfather, his father and he had been in prison, that he had a two-year-old son, and that he wanted be the last of his family to have spent any time in prison. He said that, if he gained work with BHP at the end of this program, he would be the first person in his family to actually earn an income through work. Now, we hear stories like that every now and then, but when you actually see them, touch them and feel them, and understand what it means to a young man to have the pride to say to his young child, 'Look, dad has a job,' things that we might take for granted, I think is a fantastic thing. The department has done an amazing job and so has BHP, and I am very proud of it.

So far two programs have been conducted, each commencing with a period of training at Port Augusta Prison followed by work camps at Andamooka Station or Olympic Dam's Camp 4. The most recent program involved 13 low security prisoners, eight of whom were identified as Indigenous. Two supervisors also attended the camps.

I am advised that to get into this camp you must have a very strict regime; that is, no positive drug test and good behaviour in prison. They are very keen and it is a good method for us as well to make sure that they behave themselves. Each prisoner receives training in areas such as: elevated work platform, fork-lift operation, the mandatory white card, OH&S and work certificate of construction before leaving the Port Augusta Prison.

While based at Andamooka Station, prisoners spent considerable time carrying out renovation and maintenance work on the homestead and surrounding buildings, which is amazing. If anyone ever gets the chance to go out there and have a look at the before and after shots, it really is amazing. It is like they have brought that station back to life. Tasks performed include: painting, landscaping, concreting, tree removal and weed eradication.

Renovation work was also carried out on the sheep yards and shearing sheds. All the work was overseen by BHP Billiton pastoral specialists. At Olympic Dam, Camp 4, prisoners and staff assisted the Andamooka community by cleaning up flood debris and mud in the township: work that was warmly welcomed by the local community, building, again, that trust between offenders and the community. Flood remediation work was also carried out at the Roxby Downs racecourse and the Roxby Downs kindergarten.

As a result of the fantastic work performed by prisoners and staff, appreciative community bodies have contacted the department and requested further assistance from future camps. The program also includes a re-socialisation component, with training in areas such as job interview skills, budgeting and cooking, to assist prisoners with their transition back into the community.

The program has delivered over 2,000 accredited training hours and 5,658 non-accredited hours, and I am pleased to say that of the 22 prisoners who have completed the program to date, 15 have been offered employment. That is a tremendous result. I am also thrilled to inform members that another camp will be commenced in the early part of 2011. BHP Billiton has advised that it also wishes to discuss the possibility of a separate trial to include female offenders and to

include training and work opportunities within a range of trades and services, including administrative and logistical services.

There are compelling arguments for encouraging prisoners to engage in education rehabilitation programs. The benefits to them and our community are reduced reoffending and number of victims of crime, to name a valuable few. Prisoners with newly acquired vocational skills are also more likely to be able to assist in the development of their communities, and this is especially true for Aboriginal offenders. I am not only talking about providing their family with an income, but it is also about role modelling. Often a lot of these young men do not have positive role models in their life, and hopefully we can change that.

Although this government makes no apology for its tough law and order stance, we will continue to identify and support initiatives such as the BHP partnership to provide training and employment for prisoners to assist them to turn their lives around.

Mr VAN HOLST PELLEKAAN: One of our prepared questions refers to Budget Paper 4, Volume 2, page 5.171, and I have some other questions to come afterwards. The table refers to performance indicators, offence focused, educational/vocational and on the job work skills programs. In regard to these programs, it seems that some of the 2009-10 targets were not met; specifically the number of prisoners/offenders enrolled in these programs will fall short, according to the 2009-10 estimated results. The footnotes in the table attempt to explain the difference, but would the minister please provide some further information?

The Hon. A. KOUTSANTONIS: Sure. We now offer education, literacy and numeracy, rather than basket weaving.

Mr VAN HOLST PELLEKAAN: No further information?

The Hon. A. KOUTSANTONIS: Yes; I am more focused on prisoners learning how to read and write.

Mr VAN HOLST PELLEKAAN: But specifically with regard to getting the estimated number of prisoners through the programs.

The Hon. A. KOUTSANTONIS: When you are changing a program and moving the focus to literacy and numeracy, I think there is going to be a lead time.

Mr VAN HOLST PELLEKAAN: Are you saying there is a reduction in numbers because of the—

The Hon. A. KOUTSANTONIS: I said this to you earlier—maybe you missed it: the number of prisoners and offenders enrolled in educational/vocational programs (1,604) is less than the 2009-10 target of 2,222. The target was based on the previous year's result of 2,141; this is due to the implementation of a revised offender education model, which sees the department placing improving literacy and numeracy levels as its highest service priority. This is what I said to the committee earlier.

Mr VAN HOLST PELLEKAAN: The clarification I am seeking is whether that is really because you have stepped up the quality of the programs, if you like, so that fewer prisoners/offenders are likely to go through the program. Is that fair?

The Hon. A. KOUTSANTONIS: We are now focusing on a needs basis: if you cannot read or write, you get literacy and numeracy. Before, anyone who enrolled in any program was counted toward our target, so this is about offering a service to people who genuinely need it.

Mr VAN HOLST PELLEKAAN: I have a few other questions with your indulgence, minister, but I do not have specific budget lines to refer to. However, they are very genuine and open questions, given that we have another 15 minutes remaining and there are two facilities in my electorate of Stuart that are very important to me. Having visited Port Augusta Prison twice and Cadell once, I saw many things that that were quite impressive, particularly at Port Augusta, with which I am obviously more familiar.

In regard to Port Augusta, is there any plan in your department to establish a youth remand centre? As I understand it, a lot of people are held on remand waiting to go to court from Port Augusta or, very often, from further north, and they need to be sent to Adelaide or further south to be held until they can come back to Port Augusta for court.

The Hon. A. KOUTSANTONIS: We do not hold youths in adult prisons. That is a question for the Minister for Families and Communities.

Mr VAN HOLST PELLEKAAN: I will ask because I think it is important, and I understand that is why they do not go to the Port Augusta Prison; however, it is not your portfolio. Is it possible to provide some information with respect to the income that comes to the different correctional facilities through programs such as the woodwork program and the milk program? They are all very positive.

The Hon. A. KOUTSANTONIS: We will take that question on notice and provide the answer to you.

Mr VAN HOLST PELLEKAAN: Obviously, they are—

The Hon. A. KOUTSANTONIS: Highly subsidised.

Mr VAN HOLST PELLEKAAN: I am sure they are, but I am sure that they still contribute and are very valuable programs. In your introductory remarks, you mentioned the Sierra Program. I am more than happy to go on record with what I know about that at Port Augusta. It is tremendous and working very well.

The Hon. A. KOUTSANTONIS: Thank you very much.

Mr VAN HOLST PELLEKAAN: Can you describe how that could be rolled out further?

The Hon. A. KOUTSANTONIS: I am very excited about it because I think it is a bit of good old-fashioned love and discipline. We care for and take an interest in the offenders, but we are asking for a bit back. I have noticed that every time I talk about being corrections minister, people say, 'Oh, they should all be marching in unison, digging holes and filling them back up again.'

Often our community is a bit unsure about what we should do with our prisoners, and I think that what the Sierra Program has done is find a beautiful balance between education, mentoring, physical education, health and discipline. They have all been rolled into one program, and I think this fantastic and, if it works, works well and the results can be quantified and meet all the performance indicators, I would like to roll it out, but of course I will take advice from the department.

The first program was for high to medium risk young offenders, and it was a Port Augusta specific program. If it works, I would not mind our looking at there being a module everywhere, but we will have to wait and see. It is still early days, but the initial feedback is I think it works.

Mr VAN HOLST PELLEKAAN: It could potentially be rolled out across your network of facilities.

The Hon. A. KOUTSANTONIS: Again, the partnership with the Duke of Edinburgh is fantastic, and I think the personal commitment of the general manager is fantastic. I think the whole package is the type of place I would like to see Corrections moving.

Mr VAN HOLST PELLEKAAN: As I said at the start, I agree with regard to that program, and it would be good if it could be rolled out. I think you also mentioned the Aboriginal unit at Port Augusta. Can you give us a bit more information on how that works?

The Hon. A. KOUTSANTONIS: I am advised that it is a culturally sensitive unit; a traditional Aboriginal unit dedicated for Indigenous prisoners. The unit is called Pakani Arangka, or 'good growing place'. It is a 12-bed unit consisting of a mix of dormitory and dual-occupancy accommodation and is designed to face the ranges, which, obviously, is spiritually important to a lot of Indigenous offenders. We have a lot of cultural literacy programs facilitated by staff from the University of South Australia, concentrating on other work skill courses, music, and songwriting, as well as participation in sporting events at other accommodation units. We have elders come in to talk about their connection to the land and their community. It is a way for us to try to break the cycle of violence and offending. It is a great program.

Mr VAN HOLST PELLEKAAN: It seems to be paying dividends.

The Hon. A. KOUTSANTONIS: Yes, and it is all based around a work ethic. They are not just sitting around playing a guitar; they are working. It is all about making sure that they understand who they are. In my travels to correctional facilities around the world I have noticed the importance of indigenous offenders having a greater connection to who they are traditionally; instilling a sense of pride in their community and that offending is not who they are traditionally, that it is not a traditional way of life.

Mr VAN HOLST PELLEKAAN: I understand. One of the positives is that there is traditional cultural leadership but from senior people who have grown up in the city and who are involved in the city as well, because there are a lot of offenders in there who did not necessarily grow up further afield. They are all the questions I have; thank you for answering them without any specific budget references. I seek leave to have the omnibus questions inserted into *Hansard* without my reading them.

Leave granted.

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 above \$10,000 in 2009-10 for all departments and agencies reporting to the minister—listing the name of the consultant, contractor or service supplier, 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 2010, 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 financial year 2009-10 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2010-11? How much was approved by cabinet?

5. Between 30 June 2009 and 30 June 2010, 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?

6. For the year 2009-10, 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?

7. 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?

8. For each department or agency reporting to the minister, how many Targeted Voluntary Separation Packages (TVSPs) will be offered for the financial years 2010-11, 2011-12, 2012-13 and 2013-14?

Mr SIBBONS: I refer to Budget Paper 4, Volume 2, page 5.172. Minister, in your opening statement you briefly touched on the government's commitment to preventing drugs, weapons and other contraband from getting into prisons. Can you provide further details on the initiatives undertaken during the year?

The Hon. A. KOUTSANTONIS: Yes, and I would like to congratulate the member on sparing the humiliation of the opposition running out of questions. What an excellent job he has done—

Mr GOLDSWORTHY: You wanted to shorten the time by half an hour!

The Hon. A. KOUTSANTONIS: From what I hear back here he would be in trouble. Mr Chair, please protect me from the vicious attack of the member for Kavel. It is painful. Like all jurisdictions worldwide, the department faces the challenge of stopping contraband from entering our prisons. Although drugs are certainly a priority for our staff, due to their potential impact on disrupting the integrity and good order of our prison system, mobile phones, weapons and other prohibited items are just as much a threat for our prisons. The department continues to regularly upgrade prison security systems and processes to ensure that staff, the public and prisoners are safe.

It uses intelligence information from its Intelligence and Investigations Unit, CCTV footage, radar, detection cameras on fence lines, and passive alert detection dogs as key strategies to monitor the activities of prisoners and their visitors. The department works with police, including the Police Corrections Section, and other agencies such as customs, where appropriate, to stop contraband from making it through our doors. Intelligence information enables us to vigilantly monitor prison perimeters and to undertake targeted intelligence-driven searches of prisoners and visitors to prevent the introduction of contraband. Prisoners, their cells and their belongings are regularly searched on random and/or a targeted basis for the purpose of detecting and seizing prohibited items.

In this regard I can advise that during 2009-10 more than 25,000 cell searches were conducted by staff throughout the prison system. This compared with 21,311 undertaken during 2008-09, and shows that around 4,000 additional searches were undertaken by staff this year. As compared with the previous year, it was a commendable effort and evidence of our commitment to fighting this battle. Also, as a result of these searches, 1,297 prohibited items were removed from the prison system, including items such as drugs and drug paraphernalia, weapons, mobile phones and tattooing equipment. This compared with 1,315 items being found the previous year; that is, more searches (4,000 additional searches) and fewer items found. The rise in the number of searches undertaken and the decrease in the number of items found demonstrates the ever-increasing determination the department has to stamp out contraband in our prisons wherever possible.

Our searches are not only random but also targeted, where they are based on intelligence and are far more focused than before. During the 2009-10 year, correctional services and South Australia Police seized a significant amount of contraband, including drugs, mobile phones and drug paraphernalia. This is a credit to the excellent efforts of correctional services staff, who are committed to creating a safer prison environment by making it more difficult than ever to smuggle contraband into prison.

To give members an idea of some of the successes we have had in this regard during 2009-10, I can advise that over 10 sophisticated search operations and/or significant contraband finds have occurred in various prisons across our state. The most recent, Operation Stax, was undertaken at the Adelaide Women's Prison on 23 September 2010. The search uncovered prohibited items, including drug smoking implements, a number of tablets and a quantity of white powder. Another example, Operation Resolve, which took place at Yatala Labour Prison, targeted key members of outlaw motorcycle gangs and other selected prisoners and resulted in items such as a quantity of pills, white powder, green vegetable matter, tattooing equipment and a screwdriver kit being seized.

Unfortunately some contraband items enter our prisons through visit sessions. All visitors refused entry and/or arrested by police due to contraband finds have had their visiting privileges reviewed, with a view of possibly being refused entry into the prison in future to ensure that prison security is maintained. On 10 July 2010 Operation Dedicate was conducted at Yatala Labour Prison. This particular operation extended its focus to those coming to visit prisons. During the operation, 150 visitors and 100 vehicles were searched by police and six visitor sessions were targeted throughout the day.

As members would be aware, cabinet recently approved the drafting of amendments to the Correctional Services Act 1982 and associated regulations. Among other important reforms the amendments will strengthen the security of our prison system by expanding the powers of correctional officers. The proposed changes will enable prison officers to search visitors outside prison walls, including visitor car parks in the gazetted prison reserve.

The amendments will also see the introduction of illicit drugs into prison elevated to an aggravated offence. We are committed to stopping the flow of contraband into prisons, and those prisoners found with prohibited items in their possession may be relocated to a high security unit or prison or face internal prosecution or criminal charges. The government and the department uphold a zero policy approach to drugs and other contraband in prisons. The department's use of intelligence and more advanced technology is making it more difficult than ever to smuggle contraband into the prison system. The government will not stop the fight against contraband entering our prisons.

Mr VAN HOLST PELLEKAAN: Budget Paper 5, page 17: harking back to an answer you gave to the member for Kavel about the approximately \$17 million worth of extra expenditure coming on. You did say that you would get back with some details about where that capital expenditure is going. Would it be fair to assume that all of it, or nearly all of it, would be going to Port Augusta, Mount Gambier and Port Lincoln upgrades?

The Hon. A. KOUTSANTONIS: I will get you a detailed answer.

Mr VAN HOLST PELLEKAAN: One very last question, coming back to the answer that you gave with regard to Budget Paper 6, page 63 and cost savings: one of the things that you mentioned there was uniform changes. Given that hundreds of the people who wear those uniforms are my constituents, did your department consult closely with the prison officers in that decision?

The Hon. A. KOUTSANTONIS: There has been broad consultation, I am advised. We are talking about efficiencies and economies of scale, buying in bulk; they are the same as we are talking about.

Mr VAN HOLST PELLEKAAN: So no downgrade, nothing—

The Hon. A. KOUTSANTONIS: No. Since Mr Severin has been chief executive you will have noticed an increase in the quality and the standard of the uniforms, and under my tenure as correctional services minister, I think you will see more people in uniform soon.

Mr VAN HOLST PELLEKAAN: Thank you, minister.

The Hon. A. KOUTSANTONIS: Thank you, chair.

The CHAIR: I thank the minister and government and opposition members. There being no further questions, I declare the examination of the proposed payments concluded.

SOUTH AUSTRALIAN TOURISM COMMISSION, \$54,515,000

MINISTER FOR TOURISM, \$4,454,000

Membership:

Mr Pisoni substituted for Mr Goldsworthy.

Mr Marshall substituted for Mr van Holst Pellekaan.

Witness:

Hon. J.R. Rau, Attorney-General, Minister for Justice, Minister for Tourism.

Departmental Advisers:

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

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

Mr I. Darbyshire, Chief Executive, South Australian Tourism Commission.

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

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

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

The Hon. J.R. RAU: Yes, thank you, Mr Chairman, there has been a discussion between us, and it is agreed that I will say very few words by way of opening, and then it will be a matter for those to my right to ask whatever questions they wish. Those to my left will not be asking any questions, and therefore we are looking at 45 minutes for the examination.

The CHAIR: Is that just for tourism or is that to continue on?

The Hon. J.R. RAU: No; that is for what was scheduled until 4.45pm. Also, we will be dealing with the Convention Centre and the Entertainment Centre first and then move on to the Tourism Commission and the SATC if that is convenient for everyone.

The CHAIR: It sounds good to me. Changes to committee membership will be notified as they occur. Members should ensure the chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 19 November 2010. This year the *Hansard* supplement that contains all estimate committee responses will be finalised on Friday 3 December 2010.

I propose to allow both the minister and the lead speaker a brief opening statement. There will be a flexible approach to giving the call for asking questions, because we have made an agreement on that. A member who is not part of the committee may, at the discretion of the chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced.

Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*. There is no formal facility for the tabling of documents before the committee; however, these 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, it is purely statistical in nature and limited to one page in length. All questions are to be directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response.

I also advise that, for the purposes of the committee, television coverage will be allowed for filming from both the northern and southern galleries. I declare the proposed payments open for examination and refer members to the Portfolio Statements, Volume 4, Part 13.

The Hon. J.R. RAU: I want to say just a few brief words about tourism overall. The first thing I want to say is that, pursuant to the election commitment made by the government, there is a significant investment by the state in tourism in the form of the upgrade to the Convention Centre. Whilst I am not the minister responsible for the primary construction aspect of that—as you would be aware, Mr Chair, minister Conlon is that minister—but I obviously have a significant interest in the matter.

There is quite a bit of excitement around not just the tourism industry and, in particular, the Convention Centre but also in other parts of Australia, where people are recognising that there is a significant investment in that convention facility in South Australia. It will mean that, once it comes on line, it is expected to commence in 2014, we will be able to attract and cater for much bigger convention opportunities in South Australia. The exciting thing about that is not just that it means more business for the Convention Centre but, clearly, there are knock-on advantages for the tourism sector.

For example, all of the people who come to any of these conventions need to be accommodated somewhere, and the private sector may have to review whether they have enough capacity in the system in Adelaide presently to sufficiently accommodate those increased numbers. Of course, other people in the tourism industry here in South Australia who might be running tourism opportunities out of the city to areas close by like the Barossa or the McLaren Vale area or further afield like Kangaroo Island or the Flinders also have an increasing number of people who will be coming through who are potentially able to take advantage of those opportunities. So it is an important strategic investment in the tourism sector and one that I am very enthusiastic about and I think will serve the state well.

The other brief remark I would make is that the focus of the Tourism Commission in the future is increasingly towards marketing and strategic thinking about markets where we can acquire more interest from people who perhaps presently have not thought about travelling to South Australia or within South Australia. I think that is a positive move and one which shows the best potential of coupling well with private sector investment and private sector interest in tourism investment in South Australia.

The third thing I would like to say is that, for the period of my tenure in this particular office, however long that might be, I see the building of capacity and infrastructure into the tourism sector as being a priority. That involves a cooperative exercise where government acts in some senses as a driver—for example, through the significant investment in the Convention Centre—but more often than not as a facilitator or an opportunity for parties who have an interest to use the government as a collection point for ideas or thoughts they might have about how they can make successful private sector investments in infrastructure and tourism opportunities. With those few words by way of overview, I do not really have anything further I would like to say.

Mr PISONI: I refer to Budget Paper 5, page 47. There is a \$1.38 million investment program in the Adelaide Entertainment Centre. Can you give us details as to what is planned with that investment program?

The Hon. J.R. RAU: Yes. I think Anthony could probably give you the best answer on that in more detail, so I will let him deal with that.

Mr KIRCHNER: In broad terms, essentially that amount is broken down as \$270,000 worth of recurring capital expenditure. In addition to that, we have a carryover from last financial year for our internal upgrade works of a further \$200,000, then we have another carryover from last financial year for new arena floor seating to the value of \$330,000. Finally, we have a post-occupancy contingency of some \$500,000 which relates to the Facility Enhancement Project—the project that was delivered in March of this year. Essentially, that is a contingency that sits there. Should there be any post-occupancy issues with the project, that money is there to be utilised to fix any problems that may or may not occur.

Mr PISONI: How much of the \$1.38 million is carried over from the capital works that have happened just recently?

Mr KIRCHNER: The post-occupancy contingency is \$500,000.

Mr PISONI: It is \$500,000. Is it a policy of the Entertainment Centre now to compete with the private sector?

The Hon. J.R. RAU: There is no policy to compete with the private sector.

Mr PISONI: No policy to compete with the private sector. I was at a Public Works Committee hearing when we were told that the 2,500-seat auditorium was there because there was a demand for it in South Australia, and they were not expecting that expansion to compete with the private sector. Have you investigated the claims of the Thebarton Theatre that they are losing business to the Entertainment Centre since they went public on this issue some months ago?

The Hon. J.R. RAU: Have I personally investigated those claims?

Mr PISONI: Or your department. Has anybody contacted them to see if there is some way that we can ensure that a publicly funded enterprise does not destroy a private business that has been there for decades?

The Hon. J.R. RAU: I will check what inquiries have been made at the Entertainment Centre end. I think it is important to understand that the upgrade of the Entertainment Centre was something that was done in order to give that building, that facility, a life into the future for some time. It was getting to the point where, for a variety of reasons, it was basically going to wither unless something was done to upgrade it.

The Entertainment Centre remains the only purpose-built facility for a great many of the performances that come to Adelaide. In addition to that, it supplies other markets; for example, meetings, dinners, conventions, and suchlike, and, indeed, I think, weddings as well. The upgrade was designed with a view explicitly to extend the functional life of the centre and for it to be able to cater for those markets that were approaching the centre for facilities into the future. So as far as I am aware there has never been an intention, explicit or implicit, to use the centre as some sort of way of attacking private sector investors or private sector operators in that field.

Mr PISONI: Has the Entertainment Centre knowingly competed for the same event with a private operator?

Mr KIRCHNER: No; not knowingly. The Entertainment Centre has no way of knowing if a promoter is fielding offers from another venue. A promoter will generally assess the various different types of venues that are available in South Australia, and then will choose to place that act with that venue where they believe they will get the greatest number of people attending and the optimum commercial result; but we have no way of knowing whether that is going to be at the Festival Centre, Memorial Drive, Adelaide Oval, the Thebarton Theatre, or any other venue in South Australia. For example, one that caught us by surprise recently was the fact that the Johnny Farnham concert is being held at Coopers Brewery. We have no way of knowing what offers and what approaches promoters are making to various venues throughout South Australia.

Mr PISONI: Were you asked to provide a quote for that gig?

Mr KIRCHNER: No.

Mr PISONI: That covers the Entertainment Centre. My question now refers to the Convention Centre. I refer to Budget Paper 5, page 46. Just over \$3 million has been provided for the annual program of upgrades at the Convention Centre. Are you able to give us some detail as to what those upgrades involve, whether that figure is typical of what happened last year and the year before and whether you are expecting that figure to increase or reduce once the Entertainment Centre has been upgraded and expanded?

The Hon. J.R. RAU: Just to be clear, can you tell me again exactly which figure you are talking about?

Mr PISONI: \$3,049,000.

The Hon. J.R. RAU: This is for the annual programs?

Mr PISONI: Yes, annual program of upgrades.

The Hon. J.R. RAU: I am advised that \$1.3 million is allocated to building projects, with approximately \$1 million relating to building maintenance overhauls of the 2001 extension as it reaches its first 10-year cycle of existence. Additionally, \$300,000 has been allocated to repainting damaged sections of the operable wall system and \$1.749 million to the replacement and upgrade of plant and equipment, which includes: \$490,000 relating to an upgrade of the original telephone and communications system; \$210,000 for the replacement of two dishwashers (and I assume these are bigger than the one I have at home); \$650,000 for upgrade and replacement of audiovisual equipment; \$168,000 for IT equipment and upgrades; \$113,000 for crockery, cutlery, glassware and other similar equipment; \$72,000 for security equipment; \$36,000 for kitchen equipment; and \$10,000 for other equipment. You were also asking, I think, how that would go into the future, to some degree.

Mr PISONI: Yes; do you have some idea as to what your annual—I think it is described as a program of upgrades—budget will be in the future?

The Hon. J.R. RAU: I think it is a little difficult to answer that question at the moment, and the reason is this: as members may be aware, the proposal for the upgrade of the Convention Centre involves, in effect, a two-stage process. The first stage is that the area immediately to the west of the existing building, up to the Morphett Street Bridge, where there is currently a bit of a car park and air conditioning ducts and various other bits and pieces, is intended to be upgraded and redeveloped. So, that is the first module, if you like, of the two-part upgrade that will occur.

That upgrade also includes the Morphett Street Bridge and the whole approach from the western side to what will be the new western end of the Convention Centre complex. The next element of it is the demolition of the old pink coloured original Convention Centre building, which is to the east of the major section of the building now, and its replacement by a new section there.

So, the reason I think it will be difficult to answer your question is that at some point some of the most fatigued parts of that complex will be demolished and brand-new bits will come online. It is probably going to be difficult to say exactly how much will be spent on each of those bits as that process is unfolding. We are going through a transitional phase over the next few years.

Mr PISONI: While we are on the Convention Centre, on Sunday 14 March 2010, during the election campaign, the Premier put out a media release, '\$394 million city plan to create 23,000 jobs and boost economy', where the building was described as having a 3,500-seat meeting venue, increasing the total floor space by two-thirds. Let us move forward to 17 August 2010, after the election, when the announcement was made about the final plans for the Convention Centre where the provision of a 2,000 to 3,000-seat meeting facility will be—

Mr MARSHALL: Is that smaller?

Mr PISONI: It is smaller. The member for Norwood has noticed that it is smaller. So, the question is: what advice did your department give the Premier when he made the announcement on 14 March, and what advice has the minister given (now the Minister for Infrastructure)—and your name is on this press release as Minister for Tourism—that saw a downsizing of that promise when it became a project after the election? I am trying to seek some justification or some reason why it was announced as a bigger project than it eventually became.

The Hon. J.R. RAU: I understand your question, but I just need a bit of guidance as to whether it actually relates to a budget line; if it does, that is fine.

Mr PISONI: I can give you a budget line: Budget Paper 5, page 46, \$8.86 million invested in expansion of the Adelaide Convention Centre.

The Hon. J.R. RAU: I am advised that that \$8.86 million is not actually connected to what the member is asking. The \$8.86 million is made up as follows: \$5 million is for the tender and design work to be undertaken so that the construction can begin.

Mr PISONI: Yes, construction for a 2,500-seat auditorium or convention centre. We are talking about the same thing, minister: we are talking about the Convention Centre, just like both

those media releases—pre-election and post-election—were talking about the same thing, but the numbers are different. I am just trying to ascertain how the numbers ended up being different.

The Hon. J.R. RAU: I understand your point. Can I explain, so that it is clear, that there was \$5 million for the design phase, and on 23 April the Treasurer approved the release of \$3.86 million to allow meeting rooms and the Regattas restaurant to be moved, because they had to be moved as part of the redevelopment project. If you bear with me, I will speak with Mr Gilbert.

I am advised that the situation is that the priority is to have a floor plan as flexible as possible for the facility, and that involves having movable seating and movable partitioning, in effect, so that you can have either a large single space or one or more smaller spaces. That is presently undergoing design and work-up. I am advised that the number of seats has not actually been settled as yet and that it might be that it is in fact even more than 3,000.

Mr PISONI: So, we could expect another press release, minister, announcing the final number of seats.

The Hon. J.R. RAU: If there is good news, I guess you will.

Mr PISONI: Perhaps if there is a delay, and it is not started or completed before the next election, we might see 5,000 seats announced.

The Hon. J.R. RAU: I do not know whether we could even stretch that far, but could I just let Mr Gilbert say a few words about that because he does understand the particular needs of the centre better.

Mr PISONI: Before we go there, because we have limited time, specifically the question was about consultation and the involvement your office had with the change in seat numbers. So, unless it answers that question, I do not want to waste our time.

The Hon. J.R. RAU: Perhaps I can try to answer it as best I can. Obviously, the work-up of the original proposal for this went to a certain point. Since that time, there has been other money, time and effort put into working up more detailed design proposals. Obviously, in the course of that, some further detail comes into the project, and I understand that has yet to be finally settled in terms of the internals: how bits and pieces of the building, internally, will move, how seats will move. There are a number of alternatives regarding whether you have seats that go back up into the roof or seats that you wheel in, and all those mixes need to be considered. I think they have been through a similar exercise at the Entertainment Centre, for example, with where seats are placed and what type of seating is used to give the maximum output. So, I think that is a work in progress.

Mr PISONI: So the original announcement did not have enough detail?

The Hon. J.R. RAU: No, I am not saying that. I think it was probably as good as could be done at the time. As I said, with any luck we will have some good news later—

Mr PISONI: We will look forward to the press release. I have completed my examination of both the Convention Centre and Entertainment Centre, minister. I now refer to Budget Paper 4, Volume 4, page 13.2. We have the 2009-10 estimated result for tourism events expenses of \$21.834 million. Can the minister advise whether the Lance Armstrong fee came out of that amount of money?

The Hon. J.R. RAU: We are just trying to identify the paper you are looking at, if you will bear with us a moment.

Mr MARSHALL: Mr Chair, that would be Portfolio Statements, Budget Paper 4, Volume 4, Program 2, on page 13.13.

Mr PISONI: There is an estimated result there of \$17.050 million.

The Hon. J.R. RAU: I see that; so that is the one we are talking about? Your initial question was whether any of that money includes—

Mr PISONI: The fee for Lance Armstrong.

The Hon. J.R. RAU: I am advised that it does.

Mr PISONI: How much was that?

The Hon. J.R. RAU: I am afraid that is not to be disclosed.

Mr PISONI: Is Lance Armstrong coming to the next Tour Down Under?

The Hon. J.R. RAU: I have not been advised one way or the other yet. My understanding is that there have been discussions with Mr Armstrong. Certainly, it would be beneficial for the tour if he did come again, but I have not been advised of any concluded agreement.

Mr PISONI: So you have not been advised either way. Would the budget figure for this year, 2010, include a fee for Lance Armstrong, or would we see an increase in that figure if Lance Armstrong arrived?

The Hon. J.R. RAU: In answer to your first question, I am advised the answer is no. In answer to your second question, it may rise whether Mr Armstrong comes or does not come, so one could not necessarily deduce that the difference between that number and whatever it is next time—

Mr PISONI: Stay with me here, minister. So, did the budgeted figure \$15.055 million for the 2009-10 budget include Lance Armstrong's fee when the budget was presented?

The Hon. J.R. RAU: I am advised that it did not, but again we should not necessarily join the dots.

Mr PISONI: So there we have the Lance Armstrong fee at nearly \$2 million.

The Hon. J.R. RAU: No, I am not saying anything along those lines.

Mr PISONI: Can you then explain the change then between—

The CHAIR: Order! It will be very hard for the minister to explain anything if you keep talking over the top of him.

The Hon. J.R. RAU: One cannot necessarily deduce that the only explanation for a difference between the budgeted figure and the estimated result can be attributed to Mr Armstrong. I also point out that there are very sound commercial reasons, some of which relate to the government but many of which relate not just to Mr Armstrong but to other people, as to why it is not appropriate for specific details of these individual expenditures to be provided.

Mr PISONI: Could I have a breakdown of the difference between the budgeted amount of \$15.055 million and the estimated result of \$17.050 million, which is \$1.995 million. What is the breakdown of the difference and how did it occur?

The Hon. J.R. RAU: I am not able to give a detailed breakdown, and all I am able to say, on advice, is that the estimated difference, because that is what we are talking about here, was due to contributions to staging the Tour Down Under and other expenditures that were paid earlier than anticipated.

Mr PISONI: So, I am not able to get a detailed breakdown of what is an increase in the budget of nearly \$2 million—a more than 10 per cent increase from what was budgeted to what was estimated. We know that this 2010-11 budget has been all about control on expenditure, but you are not able to tell the committee why there is a nearly \$2 million over-budgeted amount for tourism events in the estimated result for the budget this year? You have told me—

The Hon. J.R. RAU: Sorry to interrupt you; I think I did try to tell you that.

Mr PISONI: You did not give me the detail; you said that you cannot give me the detail.

The Hon. J.R. RAU: No, but I have explained in general terms what the issue is.

Mr PISONI: I will come to that. If it is the issue, why can the Victorian government tell us how much it paid Tiger Woods, and the New South Wales and the Australian governments can tell us how much they are paying Oprah, but the South Australian government cannot tell us how much it is paying Lance Armstrong, although I think we have a pretty good idea now.

The Hon. J.R. RAU: The honourable member may have an idea; he might be nowhere near the mark. The explanation for the change in numbers is, I am advised, due to a number of things, including—

Mr PISONI: Well, minister—

The Hon. J.R. RAU: Just let me finish.

Mr PISONI: We are not talking about numbers any more—we are talking about reasons why you cannot disclose the sum paid when, with every other celebrity that comes to assist tourism events around Australia, governments are told of the fee. I am sure the competitive advantage you

may use as an excuse would be the same reason that Tiger Woods' or Oprah's fees would need to be excluded.

The Hon. J.R. RAU: I understand entirely the point the member is making, and all I can say to you is that it is inappropriate to disclose the details of agreements made to any of the participating teams or riders on policy grounds, based on the confidentiality arrangements that exist between those participants and the government. If other jurisdictions do not have those arrangements in place, or choose to treat them differently, I guess that is a matter for them.

Mr PISONI: So are those arrangements exclusive to the South Australian government?

The Hon. J.R. RAU: I cannot say. I do not know.

Mr PISONI: You do not feel as minister that you should know whether what you are doing is different to what other states are doing when they hire celebrities to come to tourism events? Surely you want to know what your competitors are doing?

The Hon. J.R. RAU: I have not made it my business to find out exactly how other states or the commonwealth go about involving themselves in these types of arrangements. I think the real question is whether these arrangements are working for South Australia and in particular whether they are working for the tour. The tour is undoubtedly a major success for South Australia and has been functioning very well. Lance Armstrong has been a great asset to the tour, and I think in some respects if there is a commercial in-confidence element to these things, one should look to the results, rather than become too focused on those matters of detail. Perhaps this is a matter that you and I have to agree to disagree on.

Mr PISONI: I do not like to disagree with the minister, but I am afraid I am going to have to.

The Hon. J.R. RAU: I understand.

Mr PISONI: So that means that you are not able to answer this next question, I would imagine, which is: can you provide details of how much money went towards appearance fees for professional cyclists participating in the Tour Down Under, excluding Lance Armstrong?

The Hon. J.R. RAU: No, for the same reason.

Mr PISONI: Considering you would have known 12 months out, or six months out, who was coming, did the original budget figure for 2009-10 include those professional cyclists appearing in the Tour Down Under, excluding Lance Armstrong?

The Hon. J.R. RAU: I am advised we do not necessarily know six months out. An example might be the fact that I still do not know whether Lance Armstrong is being involved in the forthcoming tour. So I think the underlying assumption in the question may not be right. It is probably fair to say that, to the extent that there was clear information about sponsorship of some teams, that would in some way be reflected in those numbers, but I am not able to say to you exactly when and where agreements were struck with other teams or participants back in that time period.

Mr PISONI: We have been running it for 10 years now, so I imagine there would be some contingency. You would have some idea as to what those teams would cost, so the question is, would that budgeted amount have been a fairly accurate figure to include the teams that you are paying to participate in the Tour Down Under, excluding Lance Armstrong?

The Hon. J.R. RAU: I am advised, yes, that would have been an expected cost. Whether that ultimately corresponded to the actual cost is a matter that I cannot say.

Mr PISONI: Thank you very much, minister. The next question relates to cuts in the budget. I refer to Budget Paper 6, where we are talking about cuts in the tourism budget of around \$12.5 million, page 151, the departmental program efficiencies. Next year, you are looking at an efficiency of just over \$1 million, jumping up to \$3.8 million and then \$4.5 million, totalling \$12.5 million. Can the minister give us an idea as to how much of that is actually marketing money, money that you otherwise spend telling people what a wonderful place South Australia is and that they should come here?

The Hon. J.R. RAU: I am advised that there is no cut at all to marketing. In fact, the total spend on marketing will increase.

Mr PISONI: Can the minister give us a breakdown of what the cuts are made up of then, because the efficiencies, as you would understand, are not terribly detailed.

The Hon. J.R. RAU: No; I understand.

Mr PISONI: You may have to bring this information back to the committee because I would like it to be accurate, but can the minister advise what the efficiencies are made up of?

The Hon. J.R. RAU: I can give you a general overview presently and, if that is not sufficient, we will see where we go from there. As you would be aware, all the agencies in government have been asked to find savings. The executive and the board have looked into the way in which the commission operates and have looked to see whether there are structures or areas of the commission which largely translate to positions or spots or activities performed by the commission which either are able to be trimmed or in some other way dealt with which results in the saving.

There is no point in beating around the bush here; there will be fewer full-time equivalent positions in the commission at the end of this process than there are now, but precisely where they will be is a matter that needs to be worked out. As you would appreciate, from a management point of view, the appropriate way for those matters to be dealt with is for conversations to occur between the board, the chief executive and the staff so that they are in the picture and involved in the matter, and there are many alternative ways in which that may occur. For example, I have been advised today that the commission is already understaffed, in terms of their staff budget, by reason, purely and simply, of people having moved on. It may or may not be that natural attrition solves that problem.

These are all matters that need to be looked at and carefully considered. However, it is not appropriate for me, I think, in the forum here, to be discussing publicly internal management decisions that have yet to be even discussed with the staff.

Mr PISONI: If you have positions that are unfilled, does that mean that part of that \$1.065 million is paid for from those unfilled positions in this financial year so far?

The Hon. J.R. RAU: I am advised that is probably the case because there will not be recruiting of currently unfilled positions. So, it will contribute to that, yes.

Mr PISONI: Have you been allocated an amount for voluntary separation packages by Treasury?

The Hon. J.R. RAU: I am advised not at this time.

The CHAIR: There being no further questions, I declare the examination of the proposed payments concluded.

ATTORNEY-GENERAL'S DEPARTMENT, \$146,381,000

ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$51,292,000

ELECTORAL COMMISSION OF SOUTH AUSTRALIA, \$3,221,000

COURTS ADMINISTRATION AUTHORITY, \$86,494,000

Membership:

Ms Chapman substituted for Mr Pisoni.

Mr Gardner substituted for Ms Sanderson.

Witness:

Hon. J.R. Rau, Attorney-General, Minister for Justice, Minister for Tourism.

Departmental Advisers:

Mr J. Maguire, Chief Executive, Attorney-General's Department and Department of Justice.

Ms D. Contala, Executive Director, Finance and Business Services, Attorney-General's Department.

Mr A. Swanson, Director, Business and Financial Services, Attorney-General's Department.

Mr D. Mazzone, Acting Director, Office of the Chief Executive, Attorney-General's Department.

Ms T. Brooks, Manager, Portfolio Financial Services, Attorney-General's Department.

Ms V. Santo, Principal Adviser, Budgeting, Attorney-General's Department.

Mr D. Romeo, Chief of Staff, Attorney-General's Department.

The CHAIR: I declare the proposed payments open for examination and refer members to the Portfolio Statements, Volume 2, Part 5. Minister, do you have an arrangement as to the time for this session?

The Hon. J.R. RAU: Yes, Mr Chairman. I have had a conversation with the member for Bragg and it is proposed that I will make a very brief opening statement and then there will be no government questions, and the time will be halved accordingly. I am quite happy, if it helps the member for Bragg, to take questions across A-G's and Justice, although the Chief Justice will probably not be here for a little while. If there are matters which relate to the courts, it might be useful for the member for Bragg to leave those until a little later when the Chief Justice is available. The Electoral Commissioner is here as well, so we can deal with all of that as and when it suits.

The CHAIR: Minister, please proceed with your opening statement.

The Hon. J.R. RAU: I just want to say a couple of words very briefly about the Attorney-General's and justice departments. As members would be aware, not all of the elements of particularly the justice department or A-G's are entirely responsive to me, so there is only an element of it that I am able to help anybody with. The second thing I want to mention is that, since I have had the opportunity to have a look at what is going on inside, in particular the justice system, and by that I mean the courts, I have concerns, which are concerns that have been long standing by a number of people, about the access to justice issues, in particular the time that it is taking for some matters to be disposed of by the courts. I have made it a priority to try to take steps to deal with those problems.

I want to emphasise that none of these problems has a simple, one-shot solution, and I know the member for Bragg in particular will understand the point I am trying to make. I want to briefly outline a couple of matters that we are now trying to move along with which are directed towards, in particular, the lengthy delay in court lists and so forth.

Members may be aware that we recently announced and circulated for comment a draft bill relating to guilty pleas. The purpose of that bill explicitly is to try to move forward the point in time at which prosecutors and defence counsel focus their minds on the case. Unfortunately, for a whole lot of reasons it has always tended to be the case that it is a lot easier to get your mind sharpened up on the first day of the trial, or the day just before the first day of the trial, than it is to really pay attention to all of the issues much earlier.

As members would appreciate, if the lists are cluttered up with cases which should actually be settling, and in fact do settle on the first day of trial, it is not possible for other cases which require the assistance of a judge to be backfilled instantaneously into that spot. What we are trying to do is to put incentives into the system for people to concentrate their attention earlier, try to focus their minds earlier.

In the case of a criminal trial it is reasonably clear to me that the point of committal for trial is the point where most people should be focusing their attention. That means a number of things; first of all, that the prosecutors, whether that is the Director of Public Prosecutions or the police, have got a full brief together. Secondly, it means that the defence counsel has had an opportunity to see that brief and make a decision based on the evidence which will ultimately be presented at trial. Thirdly, the Legal Services Commission structures the way in which it remunerates people who are doing legal aid work so as to take into account the fact that a lot of their work is being done earlier rather than later, and support them in doing a proper professional job for their clients by allowing them to do that job at and around the time of committal.

I see the blueprint, if you like, of improving the court-listing problems as being a number of different measures interacting together, but the most obvious one of those, the one which sets the tone, or direction, is the one which we have put forward and which we are currently discussing, namely, the early plea bill, which will ultimately come here once we have had a proper consultation about it. That plea bill is designed to change the whole focus of a criminal trial from the first day of the hearing to the committal.

Everybody in the system is going to have to adjust to that, and it will not work properly until everybody does. That means that the courts have to look at the way they run their internal management services; they have to look at whether they provide earlier conferencing for people and what sort of resources they put into that. The DPP is going to have to look at the way they do things; forensics are going to have to look at the way they do things; the police are going to have to look at the way they do things; and Legal Services are going to have to look at it.

That is an important change which I am very hopeful will, once it is in place, create a ripple effect through the other agencies involved in the justice system and speed up the trials list by, effectively, sorting the wheat from the chaff early so that it is only the runners which actually get in the list and stay in the list and occupy a judge's time, and the ones that are not runners are out of the list, dealt with and not occupying valuable court time and, in fact, creating down time in the courts, because they get to the point where the case is about to start and then goes away and a judge cannot then instantaneously slot somebody else in.

I realise that is, perhaps, an optimistic objective that I have but, nonetheless, that is where we are heading, that is what I want to try to achieve, and that is, I think, a very important aspect of what I see over the next 12 months in the justice and Attorney-General's portfolio.

Ms CHAPMAN: I will proceed with questions for 15 minutes; I agree with the Attorney-General's proposal. I start with Budget Paper 4, Volume 2, which covers this portfolio, page 5.76. Given the increase in the victims of crime levy, how much will payments to crime victims increase?

The Hon. J.R. RAU: That, I must say, is a very good question. There are a number of elements to that. The first element is: how many people will actually be making applications? To some extent that is something beyond our control and a matter which we really have to monitor. The additional revenue coming in from the levy will provide capacity for the Victims of Crime Fund at some time in the future to give consideration to how much extra money can be put out.

As the honourable member might be aware, the Victims of Crime Fund does not just put money into victims of crime by way of compensation payments. There is a list of other things, if I can advise the committee. There are legal and professional costs. There are grants to support victim support bodies, and there is money for the Commissioner for Victims' Rights. There are confiscation of profits and child witness assistance expenditures, and there is administration.

In terms of the grants, there are grants for the Rape and Sexual Assault Service, the Victim Support Service, the Road Trauma Support Team, and the Homicide Victims' Support Group. It is quite possible that is not a finite list of groups that might legitimately have an interest in seeking some assistance from the fund. There are a couple of dimensions to it; one is the expenditures that ultimately come out in favour of those groups, and the other is whether a review should take place of the compensation figures that are dispensed, but that is not currently an active process.

Ms CHAPMAN: Minister, do you have any proposals to increase to each of the other entities, other than perhaps the CPI?

The Hon. J.R. RAU: I do not presently, but I consider that it is important that we have an ongoing look at this whole question of victim support. I have an open mind about whether some sort of structural change should occur over next few years, but I am mindful also that, as I said initially in answer to your first question, we do not actually know how many claims will be made and how much will be drawn down.

So, I think we need to let things settle a little just to get an idea of how much margin we have sitting in there on an ongoing basis. It is my personal view that, if things settle down and we continue to have a big margin or, to put it another way, an accumulating amount in the fund of any substance, we should give serious thought to whether or not more of it should be returned. However, I think that is something we need to bed down over the next year or two to see where it takes us.

Ms CHAPMAN: In any event, the proposal at this stage is to accumulate all these extra funds in the fund—

The Hon. J.R. RAU: Yes.

Ms CHAPMAN: —and no decision has been made for its disbursement, and there is no other entity that you have in mind to bring in to be a beneficiary of the fund.

The Hon. J.R. RAU: Not presently, but, as I said to you before, it may be that there are very worthwhile entities around the place, or ones that will emerge, that should properly be considered for that, and it is something I have an open mind about.

Ms CHAPMAN: I refer to page 5.17, the Office of the DPP. The achievements of the Office of the DPP are said to include:

Recruited further staff on matters arising from the Children in State Care Commission of Inquiry, the serious and organised crime legislation and to prosecute in the new Sturt Street courts.

In fact, in his report, which you tabled in our house, the DPP covered a number of these matters. My question is: what was the level of staffing at the Office of the DPP in 2009-10, and how many were prosecuting lawyers?

The Hon. J.R. RAU: I thank the honourable member for that question. The number of full-time equivalents in the Office of the DPP has been increasing since 2002-03 to the point where in 2009-10 there were, strangely enough, 145.88—that is a novel thought, .88 of an FTE. This year, 2010-11, it is expected to be 144.8. So, that is the full-time equivalent. However, the honourable member's question went further than that and asked for a breakdown of what those people are, whether they are admin people or lawyers. I do not have that information here, but we can get the information.

Ms CHAPMAN: I note that it is on notice, and that is fine. I refer to Youth Justice Reform, page 5.57. This section refers to the community protection panel. This is the high level multi-agency panel tasked with overseeing the 'delivery of targeted services to serious young offenders'. How much of this program of \$1.4 million relates to the work of the panel?

The Hon. J.R. RAU: I cannot give the honourable member an exact figure for that, but I am advised that it is something in the order of \$400,000. However, and again, if the honourable member is content I will ask for an exact figure—or as best as we can do in terms of exact figures—to be provided.

Ms CHAPMAN: What is the other million spent on?

The Hon. J.R. RAU: There is a list of other things, which, I think, appear in the papers themselves. They include the Aboriginal Power Cup, the David Kennedy (Nendi) Approach, which I know is something that the Commissioner for Social Inclusion has been very keen on, some work in Port Augusta, again around youth support, and Operation Flinders. All those are, in varying degrees, programs targeting young people at risk of becoming entrenched offenders. I am advised that that is where the balance of that money is going.

Ms CHAPMAN: Does the panel receive funding from any other source?

The Hon. J.R. RAU: I am advised not.

Ms CHAPMAN: What services are provided by the panel, or are they just the ones you have outlined?

The Hon. J.R. RAU: No, I have outlined the ones that are provided by other organisations.

Ms CHAPMAN: Can the minister advise what services are provided by the panel?

The Hon. J.R. RAU: I am advised that the purpose is, first, to identify young people at serious risk, and then to bring a series of government agencies together with a view to them working together to resolve, or at least address, these young people's problems. I understand this is supported, in financial terms as well, by Families and Communities in the sense that some of the services that might be delivered or required would be Families and Communities-based services.

Ms CHAPMAN: How do they identify serious at-risk young people? From what population? How do they get to come before the panel?

The Hon. J.R. RAU: I am advised that either the police, the courts or Families and Communities can be the reference point.

Ms CHAPMAN: So they refer a young person to the panel, the panel makes an assessment, identifies what services might be out there that would suit them, and then connects them. Is that its sort of role?

The Hon. J.R. RAU: I am advised that is the case, and that in those circumstances Families and Communities take the lead role in providing that mix of services for the young people involved.

Ms CHAPMAN: On Youth Justice Reform, which is Program 15—called 'Whitelion', according to my notes—what is the level of funding, direct or in kind, provided to the Whitelion Youth Justice organisation by the department and the government as a whole?

The Hon. J.R. RAU: I am advised that a sum of \$57,000 was spent in 2009-10.

Ms CHAPMAN: On the Crown Solicitor's Office, at page 5.40, has the government accepted the Sustainable Budget Commission's recommendation to rationalise the Native Title Claims Resolution Unit? This unit involves earlier questioning on a building communities division during the committee with minister Gago; she has that, along with about half a dozen other units that have been amalgamated into a building communities division, the structure of which she explained (this is one of them, as I recall). This is one the government has actually announced. On the basis that it will actually go into this building communities division, what service impact is anticipated on this unit?

The Hon. J.R. RAU: I am not aware of this actually being rolled into any other unit. I understand that it continues to operate as an element within the crown law. However, there has been a reduction in the notional allocation there, and this will be reflected in full-time equivalent positions over time within that unit.

Ms CHAPMAN: It was along with multicultural, veterans' affairs and youth volunteers, which will all be amalgamated into one building communities unit and I recollect this was one of them, consistent with the Sustainable Budget Commission recommendation. Each entity will still have a policy role that will report back to their relevant minister, but will be administered by someone yet to be appointed, the position to be advertised as an executive that sits over the whole lot. I understand that this is one of them.

The Hon. J.R. RAU: Yes. Rather than giving an inadequate answer now, I could get back to the honourable member as I would like to be absolutely accurate about what is happening there.

Ms CHAPMAN: We are looking at whether there is any proposed change in the services currently delivered by that unit once it is in its amalgamated form.

The Hon. J.R. RAU: Speaking from the perspective of the Crown, that unit will still be primarily focused on the work it has been focused on, that is, resolution of native title matters, organising Indigenous land use agreements, and such like.

Ms CHAPMAN: I did not see it as a happy mix, I would have to say. I would have described it as about as unusual as the infants, imbeciles and married women's act that used to apply, but we will move on. I refer to Budget Paper 4, Volume 2, page 5.13, the ministerial office. The budget papers refer to ministerial office staffing and suggest that the Attorney-General has 11 full-time equivalents in his ministerial office. In terms of FTEs, how many other officers are located in the ministerial office but funded from other sources?

The Hon. J.R. RAU: I do not have that information on hand, but can get it.

Ms CHAPMAN: Will the total staffing of the office be subject to the 15 per cent budget cut, which the government says is applying to ministerial officers?

The Hon. J.R. RAU: I think I might be able to deal with that one. I am advised that yes, the 15 per cent of the 11 is a requirement.

Ms CHAPMAN: Whatever that is, 2½ or—

The Hon. J.R. RAU: Two and a half.

Ms CHAPMAN: Thank you. Page 5.46, on policy and planning. The 2009 Labor platform states 'Labor believes that sentences should fit the crime, but tougher penalties cannot by themselves control crime rates, and Labor will not use tougher penalties as its principal method of trying to reduce crime.' Can the Attorney-General confirm that that remains the approach of the government?

The Hon. J.R. RAU: It sounds like a policy question.

Ms CHAPMAN: Well, it is in the budget. I am quoting exactly.

The Hon. J.R. RAU: I will have a go at answering it. I think the situation is that the solution to crime is a mixture of carrots and sticks. I intend to try to use an intelligent application of carrots and sticks to encourage people to behave better.

Ms CHAPMAN: Again on policy and planning, is the government looking at changing the Summary Offences Act, as recommended by the Sustainable Budget Commission, 'to clearly define circumstances in which costs can be awarded to acquitted persons to reimburse them for reasonable costs of professional representation'?

The Hon. J.R. RAU: I am not entirely sure that is a matter within my field. My understanding is that that is a matter more properly addressed to either the Treasurer or minister Wright.

Ms CHAPMAN: This is under the Summary Offences Act.

The Hon. J.R. RAU: Yes, but I think you will find that the agency involved is actually SAPOL, if I understand your question correctly. Is this the SBC report or the budget paper?

Ms CHAPMAN: Yes, SBC. That is what is recommended by them. It is on page 273 of the SBC report, volume 2, if you have got that there. It is tabled with the budget papers.

The Hon. J.R. RAU: We don't.

Ms CHAPMAN: All right. The quote was: 'to clearly define circumstances in which costs can be awarded to acquitted persons to reimburse them for the reasonable costs of professional representation.' So, successful acquittal, making an application for costs. Now obviously, at the summary offences level the police may well be the prosecuting authority, but that will be a matter which will affect the budget necessary to cover that. And you are saying that may be a police matter. If on checking, Attorney, it is in your responsibility, can you get back to us with that?

The Hon. J.R. RAU: Yes.

Ms CHAPMAN: I refer to page 5.41, Public Prosecutions. The Sustainable Budget Commission Report recommended a reduction in the staffing of the office of DPP by five FTEs by the 2013-14 financial year. That is on page 267 of that report. Has the government accepted that recommendation, and will staffing of the office be reduced?

The Hon. J.R. RAU: My understanding is that that recommendation has not been accepted, and I think the figure that we looked at earlier on for the years 2009-10 in relation to, I think, your first question reflected the fact that there is virtually no change.

Ms CHAPMAN: I think on your information provided to that question, 2009-10 is 145.88, and then in 2010-11 it is proposed to be reduced—not by much, but effectively one person—to 144.8. So there will be some—

The Hon. J.R. RAU: And we still do not have the answer to the question that you asked, which is probably very important in that regard because, if it is one person who is an admin person sorting letters, that is quite different from losing an experienced prosecutor.

Ms CHAPMAN: And if you are taking off one a year, by 2013-14 you probably would have used up five people. Do you see the trend down, now?

The Hon. J.R. RAU: Yes, I can see what you are saying. I am advised in relation to that that the decrease in FTEs from 2009-10 to 2010-11 is due to a one-off funding for staff for matters relating to the Mullighan inquiry.

Ms CHAPMAN: Except, minister, at last year's estimates, when attorney-general Atkinson provided a list of all of the full-time equivalents, he identified 2009-10, which was, of course, then to occur, at 148 full-time equivalents. What you are telling me today is that the 2009-10 actual turned out to be 145.88. So, there is already three off that number who may have never been appointed, but that was the anticipated number.

The Hon. J.R. RAU: On that one, I am advised, too, that some people in the DPP were moved to the Serious and Organised Crime Unit. That may well mean that their numbers are not reflected in the DPP complement but are reflected elsewhere in the system. But, again, the questions the honourable member has been asking have identified a number of points about which we would like to give more detail, and I am undertaking to do that.

Mr MARSHALL: I refer to Budget Paper 4, Volume 2, page 5.185. Why has the level of offenders completing the Drug Court program reduced, what has been done to increase the levels—

The Hon. J.R. RAU: I am sorry to interrupt, but that is under the Courts Administration—

Mr MARSHALL: Specialist courts, yes.

The Hon. J.R. RAU: Can we do that when they are here? I am not running away from the question, but the advisers are simply not here presently, but they will be. Any others are fine.

Mr MARSHALL: Well, we can go on with the Police Complaints Authority.

Mr GARDNER: I refer to Budget Paper 4, Volume 2, page 5.47, Police Complaints Authority. I note the reduction from \$1.4 million, which is the estimated result in 2009-10, to \$1.285 million in the budget for this year. Given that the authority is not expecting a lower number of complaints or a service standard reduction, how is that 9 per cent reduction on expenditure going to be achieved?

The Hon. J.R. RAU: I am advised that the decrease in total expenses from the 2009-10 estimated result of \$1.411 million to the 2010-11 budget of \$1.285 million is mainly due to a decrease of \$108,000 due to once-off funding in the 2009-10 year for TVSPs and a decrease of \$74,000 for savings allocated to the Police Complaints Authority in 2010-11, and that is partially offset by an increase due to enterprising bargaining supplementation.

Mr GARDNER: On the following page, page 5.48, the fourth performance indicator refers to percentage of cases finalised within 28 days. The footnote clarifies that that indicator refers to finalisation within 28 days of receipt of the completed investigation from South Australia Police. Is there a target in terms of the time it takes from the time of complaint to the completed investigation and, if so, what is it; that is, in terms of the time from the original complaint rather than just receipt of the investigation?

The Hon. J.R. RAU: I understand the question, and it is a very good question. Consequently, I do not know the answer, but I will undertake to try to get it because it is obviously a useful piece of information to have.

Mr GARDNER: Thank you very much.

The Hon. J.R. RAU: If members are ready for the courts part of things, we can move on to that.

Ms CHAPMAN: Happy to do that, yes.

Departmental Advisers:

Mr J. Maguire, Chief Executive, Attorney-General's Department and Department of Justice.

Mr J. Doyle, Chief Justice.

Mr G. Thompson, State Courts Administrator, Courts Administration Authority.

Mr S. Matters, Director, Corporate Services, Courts Administration Authority.

Mr L. Traeger, Acting Chief Finance Officer, Courts Administration Authority.

Ms D. Contala, Executive Director, Finance and Business Services, Attorney-General's Department.

Mr A. Swanson, Director, Business and Financial Services, Attorney-General's Department.

Ms CHAPMAN: Can I indicate that, as the Chief Justice is here, although his scheduled time was for 30 minutes, we have agreed that it will be 15 minutes on the basis that there will not be any questions from the government. We certainly appreciate the Chief Justice's attendance, as well as that of other senior members of the department, for 15 minutes, and I will progress as quickly as possible.

In Budget Paper 4, Volume 2 at page 5.185, referring to the criminal jurisdiction, there are a number of backlog indicators which show that, in spite of the Sturt Street courtrooms and additional judges, in all categories other than the Youth Court there has been an increase in the backlog of between 1 and 5 per cent. While the target for 2010-11 is again 10 per cent for each indicator, given the level of funding, what is the expected outcome in terms of backlog indicators?

The Hon. J.R. RAU: I will say a couple of words on that and then invite Chief Justice Doyle to say a few words, because I am sure he will have some thoughts on the topic as well. In my introduction I tried in some way to address the point that is illustrated here, and that is that there is no single magic bullet that is going to solve this problem: it is multifactorial. In some respects it is

to do with the capacity of the courts, and in other respects it is to do with the attitude of people in the legal profession to the way in which they prepare a case. In some respects it is to do with other bottlenecks in the system, which are not necessarily resource-driven bottlenecks.

The important thing for people to try to understand is that all these elements need to work cooperatively together to get the best result. It is not satisfactory just to change one element and expect everything to be fixed, because that is just not going to happen. As I said originally in my opening remarks, the trailblazer, if you like, for at least the criminal jurisdiction is the attempt that we are making through the guilty plea bill that has been out now for comment for a period of time. It is to try to focus the minds of prosecutors and defence counsel at the point of committal rather than allowing them, for whatever reason, to get to the steps of the court before they are totally focused and make a decision about where the case is going.

I am confident that that sort of general direction—when supplemented by support from the courts in terms of the internal arrangements, from the Legal Services Commission in terms of its funding arrangements, and from prosecutors in terms of their methodologies and preparation of matters—will see an improvement, and I am committed to seeing that there is some improvement. That is my perspective on it, as I said before, but I invite the Chief Justice to say whatever he might wish to say in respect of those matters.

Chief Justice DOYLE: There are a number of things. The first point to bear in mind is that the targets of 10 per cent, which are shown there, are arbitrary in the sense that they are not based on science, nor are they based on international standards. In other words, no-one sat down and derived, as it were, that the target should be 10 per cent, nor were there international standards which would enable one to say that is the figure. They were selected on the basis that we needed to have something Australia-wide, because this is part of an Australia-wide standard, and that was the figure that was selected. Nevertheless, we are slipping behind, and that is, I guess, the main thing to bear in mind.

As far as the Supreme Court goes, in terms of our appellate jurisdiction we are well on top of the work and probably one of the quickest courts in the country. To the extent that we are behind the standard of 10 per cent, I think I can say that you really do not need to worry, because the 13 per cent estimated result might mean 10 or 15 cases. In other words, the problem there is not really a problem when you look at the number of cases.

The problem is in the District Court, because that is where the bulk of the criminal cases is being heard, in particular the bulk of the trials, and that is where we have a quite significant backlog both in terms of percentage and numerically. So I cannot say with this one: do not worry, that the absolute numbers are so small it does not matter. I suppose the main problem is the number of lodgments. The number of lodgments has gone up over the last two to three years, in fact, by 32 per cent over the past three years, that is, cases being committed for trial. That is the single biggest problem.

We knew that Sturt Street was not the solution. Having two other courts and two more judges is part of the solution, but we knew that would not solve the problem. I think a fair point to make is that, if the system is not working as well as it should, it is not sensible just to say, well, we will have a couple more judges, a couple more courtrooms, and not try to fix the system. So, Sturt Street we always saw as part of the solution, but not as the solution.

I think the short answer is, as the Attorney said, there are other things we are working at and that we have to keep working at. We have not been successful so far, and it may or may not be some comfort to know that all around Australia the large trial courts are struggling also, because, for all sorts of reasons, probably in the broad because of the attitude to law and order of governments all around Australia, the number of serious offences has increased, which means the number of trials coming to the district courts and their equivalents around the country are increasing, so they are all struggling.

It can be very frustrating trying to solve the problem because, as the Attorney said, it involves the way the legal profession works, the way the DPP works, the way the Legal Services Commission works, and the way judges work. Because we are the end of the process, the end result seems to be seen in our figures, so people tend to think that the courts can fix it, when, in fact, alone we cannot fix it; we can only fix it in cooperation both with the profession and those other bodies such as the DPP and the Legal Services Commission.

I do not know how bad it will get. The projections are that, if we do not get on top of the problem somehow or another, in 10 to 15 years' time we will have an absolutely mammoth backlog of cases, the sort of thing everyone would agree you cannot possibly have. You would be waiting

four or five years for trial. I will not worry about precise figures, but all I can say is that, in 10 to 15 years, if present trends continue the situation will be awful. So, we cannot let it get there. We know other courts are having the same problem. We are working away at the solutions, but I think it is safe to say there will never will be the golden bullet; it will always be a mix of remedies.

I do think, with the best will in the world, we will need some more criminal trial courts. Basically, we have 12 for the District Court at the moment, and two additional judges last year. I believe we will need more, but I myself do not advocate the view that you keep increasing numbers of courtrooms and judges, because that is saying we give up on trying to fix the system, we just try to increase the number of people on the shop floor, as it were, working away at it. That is a rather long answer; but, as I said, there is no golden bullet, and all of these things we have to keep working at.

The Hon. J.R. RAU: Can I just add to what the Chief Justice has said. In conversations with the Chief Justice, the senior judge of the District Court and the senior judge of the Industrial Court who, you would be aware, has in his court a number of people who also hold commissions in the District Court, we have been attempting to work within the existing resources to find a more efficient way of allocating those resources so as to deliver more from the same complement of judicial officers.

There have been discussions taking place, particularly with the Senior Judge of the District Court and the Senior Judge of the Industrial Court, to explore whether some of the matters which are presently in the District Court, such as disciplinary matters and equal opportunity matters, cannot, in some circumstances, be dealt with by judges who presently reside in the Industrial Court but hold District Court commissions, because, as you would be aware, they are not so far outside the industrial experience of those judicial officers that they would not be perfectly capable of dealing with those matters promptly and efficiently.

If we can find a way of doing that which accommodates the needs of those courts, that will have the effect of freeing up more time for the existing complement of District Court judges who are presently able to hear criminal matters. That does not entirely address the point that His Honour has been making about the physical number of courts, but it shows, I hope, that the Chief Justice, the Senior Judge of the District Court, the Senior Judge of the Industrial Court, Mr Thompson and myself have been in pretty well constant discussion about these matters since March and we have all been working very hard to try to find the best ways to squeeze the most out of what we currently have.

Ms CHAPMAN: Given that you have a change of jurisdiction so that the Industrial Court's workload is already reducing—I assume they have a bit of a backlog but, to be honest, we will soon have judges sitting there with nothing to do, given the jurisdiction transfer to the commonwealth—how quickly can some of those judges be allocated some of the outstanding list in the District Court, and how many will be available to do that?

The Hon. J.R. RAU: They are both good questions. All I can say is that that is something that I have discussed with both Senior Judge Jennings and Senior Judge Worthington. They have both been very positive and very supportive of the idea of getting maximum value out of the time of judicial officers who are presently residing in the Riverside building, and I am hopeful that over the next few months we will start to see an attempt at piloting that sort of process. I need to emphasise, as I did in my earlier remarks, that the point we were looking at here was judicial officers in that jurisdiction perhaps picking up particular elements of the District Court load and, of course, by picking that up they then free up other District Court judges.

The other complication, I think, might be that not all the people in the Industrial Court are also District Court judges, so for a person who is not a District Court judge to hear some cases is actually not within the scope of the law. We need to be careful that we do not make promises that we cannot keep, and I am not intending to do that today. I am not suggesting that every person in the Industrial Court could be available to do work, as an overload, if you like, for the District Court. There are certain statutory issues there that need to be looked at as well, but that is the direction that I am very keen to go in because I agree with the member for Bragg, with the natural workload, if you like, of the Industrial Court diminishing because of statutory change, it is very important that we get maximum value. Quite frankly, it may turn out to be a real bonus for the state in terms of having some pressure taken off the District Court.

Ms CHAPMAN: Give the limited time with the Chief Justice I will direct this question to you, Attorney, but indicate that I am happy to hear from the Chief Justice, and it is on the question of court accommodation. The targets for 2010-11 refer to the target of 'complete a risk assessment

of all buildings in the Supreme Court precinct'. My question is: what assessments have already been done of the health and safety issues of the court facilities, whether by the Courts Administration Authority, SafeWork SA or any other agency, and what action has been taken in response to those reports?

Chief Justice DOYLE: I think the administrator would be the best person. Although I am generally familiar with it, and I will not go on about the state of the building, the administrator is more familiar with that sort of detail.

Mr THOMPSON: We have had a number of reviews done of the building in the Supreme Court, but usually it has been driven in response to an issue. Members may recall that some time ago there was quite a lot of concern about the building's compliance with occupational health and safety, and so at that point Safe Work came in and looked at the building, at those areas, and confirmed with us that we did comply and that there were no outstanding issues in relation to our legislative compliance with Safe Work.

Over many years, we have had a raft of reports written about the Supreme Court in relation to the structure of the building. Our target that we have put into this plan is, in fact, to try to bring in a consolidated view in relation to not just risk in relation to occupational health and safety but also structural issues so that we actually have an up-to-date independent review of the state of the buildings. Some of the reviews that have been done in the past are now well out of date, and a consolidated view has not been done, so that is really why we have issued this target for this financial year.

Ms CHAPMAN: What improvements is the government planning in this budget to the Supreme Court facilities? I am looking to you, Attorney. I think you are in charge of money.

The Hon. J.R. RAU: I think there are some videoconferencing facilities that might become available, which will reduce the need for movements of prisoners around the place and increase the effectiveness of the court. I have to say that the improvements are modest, and I do not think I would get an argument about that. Mr Thompson has other issues to raise.

Mr THOMPSON: In a couple of initiatives we have in relation to improving access perhaps, rather than necessarily structural, members may be aware that we co-located the Supreme Court Registry out of the buildings there and put them into the Sir Samuel Way. We have done some significant renovation in the Sir Samuel Way and the counter areas there to provide a far better interface with people who have to do business with both the District Court and the Supreme Court.

The other area the Attorney touched on is that we have now put some technology into the Supreme Court, and we are planning to roll out more technology in relation to vulnerable witness suites and audiovisual equipment there. In relation to structural change, I have to say that, although we have no funding for it, one of the outcomes of the review of the target we have put in is, in fact, to identify some priority areas and also to quantify how much we need to spend on some of these areas so that we can make some business cases and a sensible process to do some work in there. We have certainly made some significant changes in relation to trying to improve the community engagement with that building.

Chief Justice DOYLE: The reality is that the Supreme Court building is pretty hopeless. It is out of date, and none of those things will change that. I think the government accepts that there is no no-cost option; in other words, we just cannot stay there at no cost. We either stay there and spend a lot of money on that building or we build a new building. The other reality is that the Sir Samuel Way building, when the lease ends in about seven or eight years' time, if the courts stay there, will require another major expenditure. As I said, there is no no-cost option. There is major expenditure on the Sir Samuel Way and Supreme Court building or major expenditure on a new building—it is one or other—and it just has to be faced.

Ms CHAPMAN: Chief Justice, whilst older buildings can be renovated, and there would be costs associated with that, is the layout and the facility over two major historic buildings one that you think should be maintained, or do you have any preferred view as to whether a purpose-built separate court, as the Federal Court has done, is the way to go?

Chief Justice DOYLE: That would be my preference. We have that whole site—Gouger Street, King William Street, Wright Street and Mill Street—the whole square. I think the logical thing would be a purpose-built building at the southern end of it, creating an open space, as it were, between the Supreme Court and that new building and probably move the District Court into it in the longer term, and other courts perhaps, such as the Youth Court; in other words, consolidate in

a purpose-built building for the courts on the one site. I think we would get efficiencies out of that. There would definitely be staff savings, because at the moment we have security down at Sturt Street and security at Samuel Way. If we had all the criminal courts in the one building the amount of staff security would reduce significantly.

So, I think there is an almost unanswerable case for a major building on the southern end of our site and, I think, continuing to use the Supreme Court. The courtrooms themselves are not inefficient—they are all right—it is just that the facilities for the staff and the public are hopeless because we are cramming too many people in there.

Ms CHAPMAN: So if there is any Sustainable Budget Commission recommendation, or any other recommendation, for the government to sell the site on the corner of Wright Street and King William Street, you would say that it would be an error to proceed on that course, that it should be retained for a future opportunity for development as a court and staff facility.

Chief Justice DOYLE: Yes. Well, my heart rate is steady; I have not heard any recommendation from the SBC to that effect, but if there—

Ms CHAPMAN: We won't hold our breath!

Chief Justice DOYLE: If there were I would certainly be saying very loudly and clearly that I do not think that would be a sensible way to go.

The Hon. J.R. RAU: In answer to one of the honourable member's questions about the use of industrial court people, I hope I made it clear that I was not suggesting by my answer that you could just pluck someone out of the industrial court and sit them in front of a jury trial. I am suggesting a displacement of some of the existing civil work—and it would not be a huge amount, but some—or Disciplinary Appeals Tribunal type of work, or equal opportunity appeal work, out of the District Court, thereby freeing otherwise tied up District Court judges.

Ms CHAPMAN: I understand that. If the Electoral Commissioner is here I am happy to do the 15 minutes with her and then resume with you, Mr Attorney, for whatever time we have left. Is that all right?

The Hon. J.R. RAU: Certainly. I may as well do an advertorial here. We have an informal forum with the Chief Justice and other judicial officers who will be coming down here on 10 November. The other good thing is that I think it is a sitting day, and I believe it is at lunch time; you might even get a sandwich.

Ms CHAPMAN: Excellent. I do not think former Attorneys have always provided us with a sandwich, so that would be most appreciated.

The Hon. J.R. RAU: If people are interested in having a chat to the Chief Justice and other judicial officers they should write that one in their diary.

Chief Justice DOYLE: I think the Chief Judge will do a short presentation on the problems with criminal listings, and the Senior Judge of the Youth Court will talk briefly about the work of that court. I think there will be just the two presentations and then we will be happy to answer any questions that are asked.

Ms CHAPMAN: Thank you, Chief Justice. We always look forward to the annual visit from the wise men from the centre of the city.

Departmental Advisers:

Mr J. Maguire, Chief Executive, Attorney-General's Department.

Ms K. Mousley, Electoral Commissioner, Electoral Commission SA.

Mr D. Gully, Deputy Electoral Commissioner, Electoral Commission SA.

Ms J. Busato, Chief Finance Officer, Electoral Commission SA.

Ms D. Contala, Executive Director, Finance and Business Services, Attorney-General's Department.

Mr A. Swanson, Director, Business and Financial Services, Attorney-General's Department.

Ms CHAPMAN: For the benefit of the persons presenting that are new, we have agreed that, instead of the half hour time frame for this, there will be 15 minutes for members of the committee to ask questions on the basis that members of the government on the committee will not be asking any. I am sorely tempted to ask questions about how much money has been allocated for the Burnside council elections this year, but I will resist that and stick to script. In relation to the general election for the state parliament in March 2010, when will your report be released?

Ms MOUSLEY: We are looking to release the report for the 2010 state election, hopefully, early in 2011, but we cannot complete the report at this point as we are rather busy conducting council elections for all 67 councils throughout South Australia.

Ms CHAPMAN: How much of the commission has been spent on court cases disputing results from the election, and has the funding for these cases been by way of supplementation or from within the budget?

Ms MOUSLEY: At this point we have not progressed to the court action for any of the non-voter cases for the 2010 state election.

Ms CHAPMAN: But you are party to some cases?

Ms MOUSLEY: Yes, but we have not progressed to that stage. At this point there are only two cases where the electors have elected to be prosecuted, but it has not gone to the courts at this point.

Ms CHAPMAN: In any event, is the cost of that just from within your own budget at this point? Have you had the costs of retaining counsel or anything like that?

Ms MOUSLEY: No, the cost of retaining counsel is through the Crown Solicitor's Office, and we are not billed directly for that cost.

Ms CHAPMAN: Has the commission assessed the impact of the decision not to publish a detailed election guide on the level of understanding of the electoral process, in particular, was the level of informal voters significantly different from previous elections?

Ms MOUSLEY: No, from my understanding the level of informal voters was somewhat similar to what we have had in past elections, and we are not able to do an analysis of the ballot papers until next year, when we have finished the council elections. At that point we hope to do quite an intense analysis of ballot papers. We will be doing a comparison for those districts that were analysed last election so that we can get some comparative time series as well, and there will be some other more interesting areas we might select for that analysis, but that decision has not been ratified yet.

Ms CHAPMAN: On postal voting, referred to at page 5.204, was the level of postal voting higher than normal?

Ms MOUSLEY: Yes, there was a considerable increase of 52 per cent in the number of postal votes applications processed by my staff for the 2010 election.

Ms CHAPMAN: Does the commission form any view as to why this has happened?

Ms MOUSLEY: I would suggest that it is possibly due to the fact that there is a proliferation of postal vote applications in the mail system to virtually most households within the metropolitan area. I suggest that analysis we have done to this point indicates that a third of the applications that were out in the area were from the Electoral Commission of South Australia, a third from the Labor Party and a third from the Liberal Party.

Ms CHAPMAN: But is not that always the case: what is new about that?

Ms MOUSLEY: Yes, but there seemed to be a larger increase this time round, for what reason we do not know.

Ms CHAPMAN: That is what I am asking you—you do not know.

Ms MOUSLEY: We do not know why at this point in time.

Ms CHAPMAN: That will be something you will analyse and provide in your report?

Ms MOUSLEY: We will look at it, but I do not know where we would start looking to try to identify why there might have been an influx in the applications we received. We obviously respond to the applications as they are sent through to the office and process them as they are available.

Why the sudden influx this time around, I am not sure. Obviously we will consider that in due course.

Ms CHAPMAN: At page 5.204 there is a political party registration, in which I ask: can you explain what is planned when the targets for 2010-11 include a target to 'develop and implement new political party registration procedures'?

Ms MOUSLEY: There are new provisions contained within the Electoral Act that are yet to be effective, and amendments to part 6 cover the details for the new registration provisions for political parties. Currently, if a party is going to register as a political party, it requires some 150 members. The new provisions now are improving that to some 200 members, and each of those members will have to have some form of statutory declaration claiming eligibility for that party.

There are also new provisions to state that, if you are relying on a member of parliament for the membership to become a party, that member must be from the House of Assembly or the Legislative Council or from the House of Representatives for South Australia or the Senate for South Australia; so it is a state-based relationship as such that has been created. When parties are relying on membership, they will then have to submit forms, which will require a \$500 application fee to accompany that application for membership as a registered party.

Ms CHAPMAN: So this is for all new applications?

Ms MOUSLEY: That is correct. There are also annual returns that will be required every 12 months, I believe by 30 September of each year, so there is going to be quite a bit of new process that needs to be developed—forms, procedures, etc.—and obviously advice to parties to be available on our website, so that when this is due to be introduced we are ready for it and we can inform our stakeholders of the new requirements.

Ms CHAPMAN: And are these reforms matters that you as Electoral Commissioner have recommended, or have they come from somewhere else?

Ms MOUSLEY: I believe they have come through the parliamentary process and not as a recommendation from the office necessarily.

Ms CHAPMAN: Do you agree with them?

Ms MOUSLEY: I just enforce them. I know that in other states there are various arrangements in place for rather large numbers of members to apply for party registration, so it varies from state to state. I believe in essence that the changes are somewhat small in nature and I would not suggest that it would cause too much angst for too many.

Ms CHAPMAN: I suppose what I am really asking of you as the professional person in all this is: who will have to enforce it? Do you think that these reforms would add to the efficiency of the operation while retaining the whole democratic process?

Ms MOUSLEY: I think in some respects it will improve the process, because at the moment we have to scan the papers. For instance, when Dignity for Disability was deregistered, I got that information from the papers. If we have the annual returns it will make it easier for us; at a particular point every year we will send out information for clarification: do they still have the required eligibility status to continue to be registered as a party? So in some ways it will help us improve the process, because we will be actively monitoring the process.

Ms CHAPMAN: Will there still be a provision for affiliate political parties?

Ms MOUSLEY: Yes. Affiliate parties will still be available.

Ms CHAPMAN: They will still be available. So we will still have Country Labor?

Ms MOUSLEY: Yes.

Ms CHAPMAN: At page 5.204, in respect of the target for 2010-11, which is not there: when does the commission expect the electoral redistribution process to commence?

Ms MOUSLEY: The Constitution Act was changed and became effective earlier this year, I believe, in January, and the Electoral Districts Boundaries Commission has not yet been formed. What we are waiting for is the information from the Australian Bureau of Statistics so that we can have usable data that would make some sense. At the moment, if we were to use the current data that is available, it would basically be an estimate of an estimate. We have been in touch with planning and local government and they have advised that the most appropriate data will be available at the end of June.

So I have already had discussions with the Chief Justice to determine when we might be appointing a chairman for the Electoral Districts Boundaries Commission and, due to the availability and the timing of that data that we would use as the base for our voting estimates, we have both agreed that some time perhaps in May or June of next year would be the appropriate time to start the process. As a result of those discussions, I have also undertaken to advertise that fact in the new year, when it has been confirmed, for instance, by planning and local government that it will definitely be available at that point in time.

Ms CHAPMAN: At last year's estimates, the commissioner advised the committee that the Electoral Commission was borrowing 2,000 personal digital assistants from Queensland for the state election. How successful were those PDAs?

Ms MOUSLEY: Exceptionally successful.

Ms CHAPMAN: Is it the intention to use them again or are we going to buy our own?

Ms MOUSLEY: I would suggest that we would not be looking to use them again because, in four year's time, there will be an increase in technology again. Even when we used them at our last election in March this year, that technology was already superseded and there are more improved ways of using the technology.

These personal digital assistants were used to identify people going in to vote outside their district. When our officials were looking up the names of the electors to find out where they were enrolled as to where they should be entitled to have their vote, there was an 85 per cent decrease in the number of rejected declaration votes that would normally filter through an election process generally. There was also a further decrease in the number of electors that cast a vote for the incorrect district—it went from 4,432 in 2006 and reduced to only 213 in 2010. So, there is quite a considerable advantage in using this type of technology to confirm and ascertain where the elector is actually enrolled.

Ms CHAPMAN: What is the cost of either borrowing the technology from Queensland (I assume there would be some fee, even if they update theirs and we borrow it again) or the cost of buying it? Has that been looked into?

Ms MOUSLEY: If Queensland were to retain the units, they were very generous and charged us only for the cost of transporting the units down. I do not know, and I cannot speak on the Queensland's Electoral Commission's behalf, but I would suggest that it would probably be looking at improved or different technology next time round.

However, there is a National Forum of Electoral Commissioners and, at the moment, we are trying to develop a system whereby each of the states will either buy a particular technology or they will contribute to it so that we are forming a pool of technology. However, what I am struggling with at this point in time is the fact that, because the technology is improving so quickly, we are of the opinion that, in some four year's time, there might be something on our mobile phones, for instance, that we can use when we go into a polling place where we can put certain applications on particular models of the phone we might be using to have an automatic roll mark-off, so that, instead of having a certified paper listing of people to have their names marked off the roll, it will all be done by technology on something as simple and basic as a version of a mobile phone.

Ms CHAPMAN: Thank you very much, Attorney and commissioner.

Mr MARSHALL: My question is to the Attorney-General and it relates to alternative dispute resolution services, which is mentioned in Budget Paper 4, Volume 2.

The Hon. J.R. RAU: I will do my best, but it is courts.

Mr MARSHALL: It is a basic question, which looks at the whole restorative justice process. A lot of information has been put out about it, and it is a great process. In fact, in the performance indicators, there are some fairly good results in terms of family conferences that were resolved without referral to courts and so forth. I note that there is, in fact, a decrease in the budget allocation for the net cost of the programs for alternative dispute resolution. I am wondering whether the government will be expanding the level and range of restorative justice projects it is offering.

The Hon. J.R. RAU: Thank you for that question. The member for Norwood is touching on a very important issue. I have given quite a bit of thought to these issues because the honourable member's question involves two quite separate things. One is, in effect, the mediation service or alternative dispute resolution service, which I know from practical experience—and I am sure the honourable member for Bragg does, too—has many cases which would otherwise wind up in the

courts, costing everybody a lot of money and occupying court time, which can be successfully dealt with if you have a skilled mediator and you have parties that are willing to come to the table in good faith.

So I am a big fan of that, and I am certainly keen to the extent that I am able to facilitate more emphasis or more opportunity for that to do so. I think it is very important. That is not exactly the same, though, as restorative justice, and I have more questions about restorative justice. It does not mean that I am necessarily somebody who sees that there is no role for that. Restorative justice is talking about bringing victims and perpetrators together and getting some sort of atonement, I suppose, in an environment where the victim feels they have been vindicated or they have been apologised to or whatever, and the perpetrator gets some sense of having to explain themselves.

At one end of that spectrum you have things like the Truth and Reconciliation Commission in South Africa, which I think all of us know occurred in the most extreme of circumstances and was dealing with a terrible historical legacy which they had to manage somehow. I am not sure—and each of us will have a different view about this—whether there is an appetite in South Australia for that sort of thing where people who undoubtedly have perpetrated crimes are, in effect, forgiven on the basis that they engage in a process with their victims.

South Africa is a particular case in point. They went through a very traumatic transition from apartheid to the current form and there had to be some way of dealing with that legacy. They resolved in those circumstances they would do it through a truth and reconciliation commission where you had people who had murdered people's children basically sitting down and saying, 'I am sorry I did it' and they did not get prosecuted. That is one form, or one species if you like, of restorative justice.

I do not feel from the feedback I have been getting—and I am happy to talk to the honourable member about this at any time, if he wishes—a sense from the community in South Australia that we are up for that sort of thing. I think the community has a view that, if these people have done these terrible crimes, we still want the criminal justice system to deal with them, and if later on or independently of that or additionally to that they want to sit down in a room with the victim, then good, but we are not going to give them in effect a remission in what otherwise would be a criminal penalty for being involved in that process.

Mr MARSHALL: Sure, but just as a supplementary to that: if we leave the restorative justice aside, I will go back to the alternative dispute resolution because it might be my own experience that is getting a few things confused here.

The Hon. J.R. RAU: Okay, no worries.

Mr MARSHALL: Certainly the number of cases for family conferences that occurred going back two years were higher than the number that are projected to be dealt with this year. Given the Attorney-General's focus on trying to improve the efficiency of courts' ability to hear cases and the fact that in your own performance indicators 99 per cent of family conferences are resolved without referral to courts, why is it that there has been a projection of reduction in numbers of family conferences and a modest decrease of 3 or 4 per cent, I think it is, in the budget for alternative dispute resolution services going forward?

The Hon. J.R. RAU: In relation to that, I am advised that there has been a significant increase in the workload from factors external to the family conference team, including the review of the juvenile justice system and targeted police activity. Higher than anticipated referral lodgement numbers from both South Australia Police and the Youth Court have occurred over a sustained period during the 2009-10 period.

The family conference staffing establishment was based on an average monthly lodgement of 130. This figure was exceeded in all but one of the months in the current period and rose to more than 200 in two months. The average referral rate for 2009-10 is 169 referrals per month. So I understand the point the honourable member is making. I think all I can do is to say that I recognise the importance of that sort of process and I would like to see it continue to operate as well as possible. I support the general concept of alternative dispute resolution; it is very successful.

Ms CHAPMAN: I seek leave to have inserted in *Hansard* the omnibus questions without my reading them.

Leave granted.

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 above \$10,000 in 2009-10 for all departments and agencies reporting to the minister—listing the name of the consultant, contractor or service supplier, 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 2010, 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 financial year 2009-10 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2010-11? How much was approved by cabinet?
5. Between 30 June 2009 and 30 June 2010, 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?
6. For the year 2009-10, 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?
7. 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?
8. For each department or agency reporting to the minister, how many Targeted Voluntary Separation Packages (TVSPs) will be offered for the financial years 2010-11, 2011-12, 2012-13 and 2013-14?

The Hon. J.R. RAU: Before we finish, I thank all the members for being here today.

The CHAIR: Time for questions having expired, I declare the examination of the proposed payments for the Attorney-General's Department and the Administered Items for the Attorney-General's Department adjourned to Estimates Committee A on 12 October and the proposed payments to the Electoral Commission for South Australia and the Courts Administration Authority concluded.

At 17:27 the committee adjourned until Monday 11 October 2010 at 10:00.