

**HOUSE OF ASSEMBLY**  
**Monday 4 July 2011**  
**ESTIMATES COMMITTEE A**

**Chair:**

Ms C.C. Fox

**Members:**

Mrs R.K. Geraghty  
Mr S.P. Griffiths  
Mr L.K. Odenwalder  
Ms R. Sanderson  
Mrs L.A. Vlahos  
Mr T.J. Whetstone

*The committee met at 10:00*

**DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT, \$51,390,000**

**Witness:**

Hon. A. Koutsantonis, Minister for Mineral Resources Development, Minister for Industry and Trade, Minister for Small Business, Minister for Correctional Services.

**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 Financial Officer, Department of Trade and Economic Development.

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

Mr M. Sinkunas, Director, Small Business Commissioner Project Team, Department of Trade and Economic Development.

Mr J. Trezise, Ministerial Adviser.

**The CHAIR:** Good morning and welcome to yet another day of estimates. Estimates committees are relatively informal procedures and as such there is no need to stand to ask or answer questions. Changes to committee membership will be notified as they occur. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by Friday 30 September.

There is a flexible approach to questions based on about three questions per member alternating each side. Do we have government questions today? No, we don't. Questions must be based on lines of expenditure in the budget papers and they must be referenced. I would repeat that again: please reference them quite clearly. There is no formal facility for the tabling of documents before the committee, but documents can be supplied to the Chair for distribution to the committee. Questions should go to the minister but not his advisers.

I will now proceed to open the following lines for examination: the minister is the Minister for Small Business and the estimate of payments is the Department of Trade and Economic Development, \$51,390,000. Good morning minister. Would you like to make an opening statement if you have one?

**The Hon. A. KOUTSANTONIS:** Thank you very much, Madam Chair. I am pleased to be here today. There are about 138,400 small businesses in South Australia, accounting for

approximately 96 per cent of all private sector business in this state. I am advised, 55 per cent of jobs created in South Australia are through small businesses. South Australian small businesses operate in a wide variety of industries with a high level of representation in construction (17 per cent), agriculture, forestry and fishing (15 per cent), rental, hiring and real estate services (12 per cent), financial and insurance services (11 per cent), professional, scientific and technical services (10 per cent) and retail trade (7.5 per cent).

I am sure we would all agree that the best thing that the government can do for small businesses is provide a sustainable economy and increase the competitiveness of the environment in which they do business. During the full year impact of the GFC in 2008-09, our state grew by 2.1 per cent, compared to a national growth rate of 1.4 per cent, whilst our final demand for the year to June at 5.5 per cent (trend) stood above the corresponding national figure of 5.1 per cent.

The quick road to recovery has seen the South Australian economy return to a strong position and even surpass the preglobal financial crisis performance for some indicators. The recovery has been characterised by a return to low unemployment rate and record high business investment. The state's finances are in a sound position, and South Australia has maintained its AAA credit rating thanks in part to this government's preparedness to take tough decisions to repair the budget after the GFC.

Not only is this beneficial to attracting investment but also the retention of the AAA credit rating reflects the disciplined approach of the government in managing our state's economy. In light of the economic restructuring underway and given that there is \$80.4 billion worth of major products underway or in the pipeline, South Australia has excellent prospects for outperforming the rest of the nation over the next decade.

Last year I announced the establishment of the small business commissioner which will provide a legislatively-based dispute resolution service for South Australian businesses. The commissioner will be an independent statutory officer with responsibility for facilitating the resolution of disputes between small businesses.

It is intended that the commissioner will provide a timely and cost-effective method for dispute resolution for all small businesses, including those regarding franchises. The South Australian small business commissioner will also have legislative authority to investigate alleged unfair market practices and monitor compliance with industry codes, such as the Franchising Code of Conduct. The commissioner will 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.

The budget allocation once the Office of the Small Business Commissioner is established will be approximately \$1 million per annum. It is also anticipated that existing resources dealing with retail tenancies located currently with the Office of Consumer and Business Affairs (OCBA) will be transferred upon the establishment of the office of the small business commissioner. Legislation is being drafted and will be introduced into the parliament shortly.

The government has focused on reducing red tape to small businesses through the delivery of \$168 million in net annual savings to businesses from the first phase of the councils' red tape reduction (RTR) program, well ahead of the \$150 million target set by the government in 2006. Annual savings to the business and non-profit sectors of just over \$117 million as of 31 December 2010, as assessed by Ernst & Young, appointed to audit the second phase of the RTR program. The identified savings are from the initiatives currently included in agency red tape reduction plans which are either fully or partially completed or are in the planning stage.

The government, through DTED, has commenced delivery of a new small business strategy for the delivery of services to South Australian small businesses. This new small business strategy encourages, promotes and supports engagement with a far greater range of small business industry stakeholders than has been experienced in the past. DTED will build stronger, sustainable relationships with its partners, including the three tiers of government, industry associations, representative bodies, commercial service providers, and registered training organisations.

Family businesses will benefit from a stronger cooperation between DTED and Family Business Australia. Small businesses located throughout South Australia and regional areas will benefit from greater utilisation of existing networks and agencies, such as Regional Development Australia; the Department of Further Education, Employment, Science and Technology; and TAFE. The new small business strategy and service delivery model has attracted funding of \$924,000 for the 2011-12 period, which will enable:

- stage 1 of a three-stage transition to a self-funding, high-value collaborative service and information delivery environment to small business programs and services in South Australia;
- a more comprehensive service delivery model distributed across multiple stakeholders and better utilisation of existing and future services and information from the three tiers of government, commercial providers and industry stakeholders;
- delivery of programs and services to small business sector participants through an integrated flexible delivery framework. This new model provides for both broad business information services; and
- highly focused industry specific business skills training to high growth and small business sectors.

High service levels will be achieved through the process of this realignment of government activity. In fact, the new model will provide small business with access to a greater range of services to literature a wider network of service providers. Madam chair, I thank you for your time and now welcome any questions.

**Mr GRIFFITHS:** Minister, I thank you for those comments. I will certainly review them in detail later on when I have had a chance to look at the *Hansard*.

**The Hon. A. KOUTSANTONIS:** I welcome your support; thank you.

**Mr GRIFFITHS:** Well, there was a lot of information contained in there and a fine collection of words. My only hope is that the words translate into actions. The reason I say that to you is because you state in here that all of us recognise the importance of small business, and we do. From our side of politics—and I am not denigrating any person who comes into this chamber—there is a day-to-day involvement in some way with the small business activity that either occurs in our community, or through members who have been previously involved in small business themselves.

While the red tape reduction focus is a good one—I think you said \$169 million was the audited return on the improvements made on that—I am concerned, though, when I look in the budget papers and I see that the direct identifiable budget commitment to small business in South Australia has gone from a 2009-10 actual figure of \$3.25 million down to a little bit over \$1.9 million. Okay, there are refocuses and we will have more questions on that.

My first question relates to Budget Paper 4, Volume 4, page 47. This is the focus that I had in last year's questioning about the Business Enterprise Centres. Given that the removal of funding support for those has occurred as of Friday, are you able to update the committee on the feedback that you and your department have had from the BEC networks on their future operations? Will there be a consolidation of numbers of them? For the ones that do remain in existence, will they continue to provide support to the full area that the BEC networks have previously covered?

**The Hon. A. KOUTSANTONIS:** I hope the other two members on the front bench are watching the skilled way the member for Goyder inserts the scalpel into the patient. He is an example to all of us of how you can politely argue your point without being rude or aggressive, and he does it exceptionally well. He is, indeed, one of the true gentlemen of this house. However, I fundamentally disagree with the premise of everything he just said.

**Mr GRIFFITHS:** Put the knife in there, Tom.

**The Hon. A. KOUTSANTONIS:** He is an old-style Liberal and you have to respect him. Tom Playford would be proud of him.

**Mr GRIFFITHS:** I would like to look upon him. I would like to sit on the other side and have him gaze upon me one day, of course, though.

**The Hon. A. KOUTSANTONIS:** Yes, but, unfortunately, he looks down on you now disapprovingly, at the rest of you. Anyway, back to the point. As I said in the last round of

estimates, I have a fundamental problem with government subsidies—taxpayers' money—being used to advise small businesses on how to make investment decisions when that advice is available through chambers or organisations that are in place to assist small businesses. In the end, fundamentally, is it the position of the state government and the taxpayer of South Australia to fund training for business decisions?

The constant call we traditionally get from conservative parties is that government needs to get out of the way of small businesses, get out of the way of the people who are driving the economy, get out of the way and reduce government interference. However, we are in this unique position where I have actually done that. I am getting out of the way. I am saying to small businesses: 'I am reducing red tape.' I am getting out of the way of businesses getting involved in the marketplace. It is not the government's job to make businesses succeed; our job is to give them a regulatory framework in which they can thrive. It is their job to succeed.

**Mr GRIFFITHS:** I agree totally with that.

**The Hon. A. KOUTSANTONIS:** So, I make no apology for what we have done with the BECs. As I said last year, what I would like to see the BECs do is apply the advice they give to all those small business to themselves. Surely the BECs can come up with a self-funding principle that would allow them to function themselves. Quite frankly, if the people giving the advice to businesses cannot become self-funding, are they really the people you want to take advice from? The good BECs will survive, the bad ones will not. I think there is a certain part of the shadow minister's DNA that intrinsically agrees with me on this.

However, a lot of people have become addicted, and I will give you an anecdote. I went to a small business that I go to regularly, and she complained to me about the funding cuts to BECs. She said to me, 'Do you know, I went online and there was this course that I wanted to do. The course from the provider cost approximately \$550 to provide, but through the BEC I got it for \$75.' The taxpayer was subsidising that course to the tune of \$425. That small business owner chose to take the cheaper course. Good on her. She is clever; she found it online. The truth is, is it the role of the taxpayer to subsidise those courses? My answer to you is no, it is not, but I will give you a more in-depth answer.

State government funding for South Australia's BECs has not been renewed post June 2011. The government honoured its existing agreements to fund each of the nine BECs (which, I am advised, is almost the same level as in New South Wales) for \$150,000 per annum to 30 June 2011. During 2011-12, DTED will continue to work with the BECs to assist them to transition to a self-funding, high-value collaborative service and information delivery environment for small business advice.

I add to that that the BEC is almost in direct competition with Business SA, the chamber of commerce for South Australia. I would have thought that members of the opposition would be screaming at the government for funding the opposition to the chamber of commerce.

**Mr GRIFFITHS:** You are providing Business SA with funds also.

**The Hon. A. KOUTSANTONIS:** I am, and they have agreed to go to a self-funding model within two years, which is what the government wants—and that is the difference. To quote a very old Christian saying, 'Teach a man how to fish and you will feed him fish,' and there is a big difference here. What Business SA is doing, quite cleverly, is that we have given them some seed funding for two years and they will self-fund from thereon. The BECs and CITCSA (which is another part that you will probably bring up later) want ongoing funding indefinitely. The Business SA model is a model that I want the BECs to pick up.

The new small business strategy encourages, promotes and supports engagement with a far greater range of small businesses and industry stakeholders than has been experienced in the past. DTED will build stronger, sustainable relationships with its partners including three tiers of government, industry associations, representative bodies, commercial service providers and registered training organisations. I think that answers your question.

**Mr GRIFFITHS:** Madam Chair, may I ask a supplementary ,because I am not too sure if we are going to do the three-three rule here this morning?

**The CHAIR:** The government has been phenomenally generous and is giving everything to you.

**Mr GRIFFITHS:** I commend the minister then on his evidence.

**The CHAIR:** In terms of questions.

**Mr GRIFFITHS:** Just in relation to my DNA, if a tissue sample is required we can make arrangements for that but I am not entirely sure—

**The Hon. A. KOUTSANTONIS:** Just a swab will do.

**Mr GRIFFITHS:** I want to note a few things. You talked about the chamber of commerce, Business SA and CITCSA, and my understanding is that CITCSA is an overarching body of some 44 chambers of commerce that exist in other nations and South Australia. I think its funding cut was \$200,000, from my discussions with Mr Salter some time ago and some ongoing chats since then. I can give some recognition to what you are trying to do, but it comes down to my understanding of how government processes work, where there always has to be some determination of the cost of supporting an infrastructure project or a service delivery model of any kind, and there are costs associated. What is the return to the community on that?

Equally, my argument to you would be, privately or publicly, that by an investment in structures that support business at all stages there is the greatest possible opportunity of success being achieved. While you can never determine what the attitude of the business operator is, because that is a self-driven philosophy of how hard they want to work and what commitment they are prepared to make, if the people out there who do struggle on a day-to-day basis and do not have enough hours in the day to make the critical decisions for the future of the business know that there is an agency of some form they can go to with a mentoring role or a key adviser role and know that it is impartial and with no favouritism in any possible way it allows the greatest possible success to be achieved.

I am sure, minister, you will join with me in being very saddened indeed by the level of bankruptcy or business failure that occurs, especially in small businesses in start-up periods when the greatest challenge is on. When the BECs come and talk to me about the fact that collectively 70,000 telephone contacts per year come into the network, that demonstrates to me that the \$1.35 million you put into the nine BECs is a worthwhile investment because, if those 70,000 contacts result in only 10 per cent of those making good, informed decisions, it is going to save the state a hell of a lot more money than that and it is going to allow the state's economy to grow by a hell of a lot more money than that. That is the counter-position I put to you, minister, and I welcome your comment on that one.

**The Hon. A. KOUTSANTONIS:** That is my point. I think you have answered it in your own question: 70,000 contacts per year and they cannot make money. That is the point I am making to you. I am not saying that there should not be advice given to small businesses. That has not been my point. My point is that the BECs offer advice and modelling for sustainable business practices for small businesses who are either start-ups or want to expand or want to grow. If you are getting 70,000 contacts per year, surely you can give us a self-funding model. They have still got federal funding.

**Mr GRIFFITHS:** Until March next year, minister.

**The Hon. A. KOUTSANTONIS:** I have not been advised, through the advice that I have received, that that funding is in any doubt. Out of those 70,000 contacts per year, I am advised that if they received \$20 per contact—

**Mr GRIFFITHS:** That is an easy calculation to do.

**The Hon. A. KOUTSANTONIS:** Yes, that would be it. The truth is that a lot of that goes unfunded. Surely those small business operators would think that \$20 is not a big expense to keep that sort of operation running. If the BECs cannot work out, and cannot come to the government with a self-funding model that says, 'We have 70,000 customers per year. For us to be sustainable at our current levels of funding, we need to raise \$20 from those 70,000 phone calls per year.' Now, that is a good problem to have.

**Mr GRIFFITHS:** We do not want it to be like lawyers where there are billable minutes either, though, minister.

**The Hon. A. KOUTSANTONIS:** I accept that, but my point is: is it the role—fundamentally, philosophically, ideologically, whatever you want to call it—of the government to provide small business with subsidised taxpayers' business advice?

**Mr GRIFFITHS:** The role of government, to come back to what you have said in the past, is to have a regulatory framework in place to ensure their success, and that will be the focus of my next question on tax policies. That is the challenge because if you clear the decks for them, if it

humanly possible to succeed, their effort will be there to achieve that. I think we best move on because we have taken—

**The Hon. A. KOUTSANTONIS:** I just want to add one point to that. The biggest complaint I find from small businesses is in negotiation with people who are more powerful than them: their landlords, their master franchisors, their suppliers, and talking about periods of credit that they have with their suppliers. These are the points that small businesses who come to me say are their biggest concerns. Yes, some have complained to me about BECs but, again, it is the ones who are seeing (the highly subsidised) costs of the courses that they have found useful going up. But, ultimately, those small business that are working in Westfield, in Centro shopping centres—the ones who are silent to agreements that I think may be unfair, may be unconscionable, the ones who may be being compelled to sign contracts that are unfair—they are the ones who are looking to us, the parliament, for a regulatory framework in which they can thrive, a level playing field, and that is what the small business commission is about.

I want to remove the subsidies for the business advice and give them a regulatory framework so their entrepreneurship can take over, so their flair will not be squashed by some predatory behaviour by landlords or some master franchisor. That is the key to setting small business free, not subsidising business advice. For me, it is about unshackling them. The small guy who has got the idea—who can make a franchise work better, who has been burdened by costs that are unnecessary, by unfair contracts—needs someone like a small business commission to be their advocate. That is what I am trying to do. I think part of you agrees with me. I understand your argument but, quite frankly, I think the government's focus is the right one. The government's focus about a regulatory framework is more important than government subsidy.

**Mr GRIFFITHS:** At the end of the day, minister, I respect that we are all held to account for our actions and our beliefs, I understand that.

**The Hon. A. KOUTSANTONIS:** Absolutely.

**Mr GRIFFITHS:** Just in reference to the minister's last answer about the small business commissioner, I have been somewhat surprised that the bill has not been introduced yet. When are you intending to do that?

**The Hon. A. KOUTSANTONIS:** I have been consulting with a large number of groups, including the Farmers Federation, the MTA, and other industry groups who have sought some changes. I can tell you that the bill will be in the house very shortly (probably sooner than you think), but I have not finished my consultations yet.

**Mr GRIFFITHS:** Given that my recollection is that, probably, two or three months ago you were asked a question in the house from your side, I anticipated that the bill would be introduced quite soon after that, minister.

**The Hon. A. KOUTSANTONIS:** Imminently. I am also advised that I am also awaiting the Economic and Finance Committee to report.

**Mr GRIFFITHS:** That is interesting, that our consideration of that report has been—

**The Hon. A. KOUTSANTONIS:** As a former chair of the Economic and Finance Committee, I take its deliberations very seriously.

**Mr Odenwalder:** Powerful!

**Mr GRIFFITHS:** The member for Little Para confirms the power that that committee holds. I was not aware of that, and I am on that committee.

**The Hon. A. KOUTSANTONIS:** Here endeth the lesson!

**Mr GRIFFITHS:** Which is disappointing given some of the discussions about the final report. One meeting was delayed because of my inability to attend, for which I made a sincere apology because the minister knows my desire to be at all those meetings.

**The Hon. A. KOUTSANTONIS:** I will put on the record here your diligence and your work as a member of parliament—absolutely.

**Mr GRIFFITHS:** That's a bit nasty. I must also ask a question—

*An honourable member interjecting:*

**Mr GRIFFITHS:** —in a nice way—and it refers to the framework and the regulatory processes put in place. I refer to Budget Paper 3, page 44, 'South Australia's relative tax effort', and

the figures that are supplied by the Commonwealth Grants Commission sadly highlight that in the 2008-09 financial year, and for the 2009-10 financial year South Australia has the highest-taxing effort in the nation.

These are figures that are beyond reproach. They are included in your own budget papers and they indicate that small businesses in South Australia have concerns. It adds to the fact that the June 2011 Census Business Index reveals that, during that last quarter, business confidence in SA was the lowest level in the nation.

I am interested to hear from you because you have talked in glowing terms in your opening comments about the three years since the GFC and the growth that has been happening in this state compared to other parts of the nation. If that is the current situation with the high level of taxation—and that has been supported, I believe, by the Menzies Institute and also the Institute for Public Affairs. They have published similar reports on that, and you might say that they come from one side of politics—

**The Hon. A. KOUTSANTONIS:** The Menzies Institute, yes.

**Mr GRIFFITHS:** The grants commission figures, though, are quite strong in the fact. Indeed, where is the turnaround going to come from? What support is going to be there from government to look at taxation policy, and is that an issue that you have discussions with the Treasurer on, that is, where are the opportunities for government to get out of the way and to put fewer hurdles in place to actually give small business the greatest opportunity for success?

**The Hon. A. KOUTSANTONIS:** I fundamentally disagree with the assertion that you are making that we are the highest-taxing state in the nation. In fact, a recent article in *The Australian* disputes that.

**Mr GRIFFITHS:** But, minister, I refer to your own budget papers.

**The Hon. A. KOUTSANTONIS:** You are making assumptions about the numbers you see.

**Mr GRIFFITHS:** I will put it on the record when you have finished your statement just so history records what it is then.

**The Hon. A. KOUTSANTONIS:** Do it now, if you like. Do it now.

**Mr GRIFFITHS:** Just to help you prepare for your argument on this case—

**The Hon. A. KOUTSANTONIS:** No; I'm ready.

**Mr GRIFFITHS:** If you have a level playing field with the balance of 100, if all the states had an equal taxation effort: New South Wales is 107.3; Victoria is 100.9 (and this is for the 2009-10 financial year); Queensland, 87.2; Western Australia, 94.8; South Australia (the highest in the nation) 111.6; Tasmania 92.2; the ACT, 107.7; and the Northern Territory, 84.6.

That is at the top of page 44 of Budget Paper 3. They are the figures that the Treasurer relies upon when he considers his policies, presumably, and I would hope that they are figures that you rely upon when you consider submissions to Treasury about taxation issues.

**The Hon. A. KOUTSANTONIS:** The part that he did not read out, which is directly underneath that column, states:

Tax effort measured by the CGC [Commonwealth Grants Commission] reflects the use made of available tax bases not their size. South Australia has a small tax base relative to other states. As a result, in terms of tax revenue per capita, South Australia is a relatively low tax jurisdiction (fourth lowest in 2010-11 based on state and territory estimates published in the 2010-11 mid-year budget publications).

So, quoting part is interesting; quoting full is better.

**Mr GRIFFITHS:** Is it a framework, though, that concerns you at all, minister?

**The Hon. A. KOUTSANTONIS:** I stand by this government's tax revenue policies. In fact, I will go on to say this: we are doing a range of things to benefit small businesses. We are reducing the average WorkCover levy rate from 3 per cent to 2.75 per cent and reducing payroll tax by \$1.6 billion by 2014. South Australia's marginal rate of payroll tax is 4.95 per cent and it is currently the third lowest in the country. The lowest is Queensland at 4.75 per cent, followed by Victoria at 4.9 per cent. We have delivered \$168 million worth of savings in red tape to businesses ahead of the initial target of \$150 million, and we have set a further target to deliver an additional \$150 million reduction by 2012; and we are well on the way towards reaching that.

In addition, we help fund business growth with many measures designed specifically for small businesses, including a medical device commercialisation program, \$500,000 per year; the CleanTech partnering program, \$2.15 million over three years; the eco-innovation fund, \$3 million over three years; small to medium enterprise instrument development program, \$1 million per annum ongoing; and the Gateway program for new exporters, \$1 million per annum ongoing.

My point to the opposition is: if you think we are a high taxing state, what is the alternative? *The Advertiser* is calling you the alternative government. That is fine, and congratulations, but could you please tell the people of South Australia what your tax policies are, or are we going to wait 14 days before the next election for you to tell us? My point to you is this: our taxing rate is out in the public and people know what it is. We stand by it. We are proud of it. We think we are a low taxing state. We think we are competitive and we think we do the right thing by businesses. Please tell us now the alternative.

**Mr WHETSTONE:** Don't we ask the questions?

**The Hon. A. KOUTSANTONIS:** That is what I thought the answer would be. You haven't learnt from the shadow minister.

**The CHAIR:** It is a free-ranging discussion in the estimates.

**Mr GRIFFITHS:** Minister, there was a report prepared in 2007, as part of the thinker-in-residence program, by Dr Dennis Jaffe, and one of the recommendations was to continue support for the BC network as a primary means of reaching family and small business. Given that that report was, as I understand it, endorsed by the government and a commitment was given to implement those sections of recommendations, why was there a rethink which, in the scope of a \$16 million budget, is a relatively small amount?

**The Hon. A. KOUTSANTONIS:** Again, I find it fascinating that members of the opposition would quote to me a report done by a thinker-in-residence when the first policy they announced before the last election—indeed, as did the deputy leader of the opposition—was to abolish the thinkers-in-residence program. Now it is thrown at me as: Isn't this great! Isn't this fantastic! Look at what the thinkers-in-residence have done. Why aren't you doing what is in this report? I will briefly read out to you a few details about—

**Mr GRIFFITHS:** Minister, I posed that question on the basis that your government—of which you were not a minister at that stage—indeed, supported the report. The position that I and the Liberal Party might hold on the thinker-in-residence program is very different to the question I posed to you.

**The Hon. A. KOUTSANTONIS:** Madam Chair, if I may have your indulgence, I point out to the member opposite that the Institute of Public Affairs found that South Australia had the second-lowest competitive payroll tax regime in the nation. I just put that on the record as well.

During 2007, South Australia strengthened its position as a national leader in family business initiatives, being the only state to appoint a dedicated family business practitioner, Dr Dennis Jaffe, as a thinker-in-residence for family businesses. As a thinker-in-residence, Dr Jaffe engaged in significant consultation with family business sector participants and stakeholders and concluded his residency (which the opposition would have cancelled) with a report that forms the basis of many of the government's current family business sector growth initiatives. He made 11 recommendations, grouped in three sections:

- Foundation. The core groups that define, create and offer services and support to small businesses.
- Services. Currently, available resources and suggestions for how to focus, develop and make them more effective.
- Climate. Creating a positive climate for a sustained myriad of family businesses within the state.

Family businesses operate within the context of the small business sector and are subject to the typical conditions faced by most small businesses. However, there are unique challenges faced by family businesses, in particular, intergenerational family member management and succession planning. I know this well because my father ran a small business, and I can tell you that he thought me and my brother were idiots and would not take any advice from us whatsoever. Don't answer that!

**Mr GOLDSWORTHY:** I thought the greatest challenge is normally the third generation, not the second.

**The Hon. A. KOUTSANTONIS:** Indeed, my father was a third-generation farmer in Greece. There were three brothers, and there are always intergenerational problems with planning, so I understand that there are very intricate problems when it comes to family businesses. The Business Development Council (BDC) is an independent advisory body that provides recommendations to me, as the Minister for Small Business, on issues related to the small business sector, supported by DTED.

BDC commissioned a Family Business subcommittee to address family business sector topics and the unique challenges for this subsector. In 2011-12, DTED will continue to support the work of the Family Business subcommittee and will continue to support the family business sector within the overall context of small business services.

In addition to the existing activity of DTED and the family business subcommittee, family businesses will further benefit from a new DTED small business strategy, which has attracted funding of \$924,000 for the 2011-12 period. It will enable a three-year transition to a self-funding, high-value collaborative service and information delivery environment for small businesses program services in South Australia; a comprehensive service delivery model distributed across multiple stakeholders and better utilisation of existing and future services and information from three tiers of government, commercial providers and industry stakeholders; and delivery of programs and services to small business sector participants to an integrated flexible delivery framework.

This new model provides for broad issues, broad business information services and highly focused industry specific business skills training to high growth small business sectors. Family businesses will benefit directly from stronger collaboration between DTED and Family Business Australia. It will have a greater range of more focused, specific programs and services, facilitated by family business specialists, and access to business services located in regional areas from greater utilisation of existing service networks. I can go on if you like.

**Mr GRIFFITHS:** I will ask a supplementary from that answer, minister. For family business networks, you have talked about more focused, more specific programs that will exist in suburban and regional areas. Are you able to confirm what the dollar commitment towards those programs will be?

**The Hon. A. KOUTSANTONIS:** I am advised that is \$904,000. On the advice I have received, for the 2011-12 period it is \$924,000; for 2012-13 it is \$631,000; and for 2013-14 it is \$323,000, and then, hopefully, self-funding.

**Mr GRIFFITHS:** Can I take it from many of your answers that you have a total philosophical point of view that business support should be self-funded—

**The Hon. A. KOUTSANTONIS:** Yes.

**Mr GRIFFITHS:** —with very few government dollars in there to assist business, but any business that wants advice at any level should therefore be prepared to pay for it?

**The Hon. A. KOUTSANTONIS:** My view on small business is this—

*An honourable member interjecting:*

**The Hon. A. KOUTSANTONIS:** You are an expert on this as well—my goodness, there is no end to your talents.

**Mr GRIFFITHS:** A very talented lady.

**The Hon. A. KOUTSANTONIS:** Yes, she is very talented—and long may she be in this place. My view is that we should offer specific programs to aid exports; specific programs that aid innovation, that is, designing new techniques, new trademarks and new businesses; but, if it is about the day-to-day running of the business—how to manage staff, what equipment to buy—these are business decisions, and the government should be really minimising its role in there. That is my fundamental view.

My view is that government taxpayers' money should be used to facilitate exports, to facilitate growth, but not to give business advice. Business people who take risks should be given a regulatory framework in which they can compete fairly and on an even playing field, and then it is up to them. We will help them export, facilitate exports, we will help them innovate, and we will help them be smarter at their businesses, but we are not going to give them day-to-day business advice.

I just gave you a series of grants that we offer—medical devices, etc.—where we think we have strategic input. We subsidise some businesses because we think there is strategic use for them. With Holdens, for example, this government has made a decision that strategically it is important for us to have a car manufacturing base in this state. I think that nationally it is important that we maintain the ability to manufacture vehicles in this country. I feel the same way about steel: I think it is important that we have the ability to manufacture steel in this state, rather than importing it.

On a free market-based model, perhaps something that you might have seen traditionally from your side of politics, there would be no government subsidies, we would let the market decide and we would import all of those products. If you went to Detroit and saw what happened to car manufacturing there, where they laid off a third of their workforce and moved all of their manufacturing offshore, the United States has made a decision that it does not think it is important that it manufactures vehicles. We do.

**Mr GRIFFITHS:** I agree with you on that.

**The Hon. A. KOUTSANTONIS:** But it is not my job to walk into Mr Devereux's office and say to him, 'Okay, these are the colours you should paint your cars.' It is our job to say, 'Strategically, we think you should have a small fuel-efficient economy car', to deal with carbon emissions, to deal with the new dynamic in terms of—

**Mr GRIFFITHS:** That is why there will always be a level of state and federal government support that goes into industries like that.

**The Hon. A. KOUTSANTONIS:** Absolutely, but in terms of helping with BECs, which you keep on coming back to, I think that with 70,000 contacts per year and an average of \$20 per contact, they can self-sustain, and if they cannot then on what basis can they offer that advice to other businesses?

**Mr GRIFFITHS:** Can I ask one last question on BECs, minister, before we go onto some other subjects, and you referred to it partially in an answer beforehand about the federal government commitment, that you are not aware, indeed, that it is at risk.

**The Hon. A. KOUTSANTONIS:** I have been advised of that, yes.

**Mr GRIFFITHS:** My understanding is that that expires at the end of March 2012. Are you intending to actively pursue the continuation of federal government support for the Business Enterprise Centre network?

**The Hon. A. KOUTSANTONIS:** That is a matter for the federal government.

**Mr GRIFFITHS:** I understand that, but you as a minister who has some level of control over what BECs are able to do and what level of support they can provide, is it your intention, even though you have withdrawn funding, that you believe that they need a level of support from the federal government, and is that something that you are prepared to actively campaign for?

**The Hon. A. KOUTSANTONIS:** In 2008, the commonwealth funding varied between \$250,000 and \$300,000 per BEC per annum for four years, with no commitment of funding post-conclusion of the agreement. The advice I have is that the current agreement expires on 30 June 2012 and there is no indication of the commonwealth's intent regarding further funding. I do not know what they are going to do. BECs also receive varying amounts of funding and support from local government, and I do not know what their intentions are either. If you are asking me will I speak to the federal minister about it, I am happy to.

**Mr GRIFFITHS:** But in a positive sense or not?

**The Hon. A. KOUTSANTONIS:** Of course.

**Mr GRIFFITHS:** I take you at your word, minister.

**The Hon. A. KOUTSANTONIS:** Fundamentally, New South Wales, the country's most populous state, on advice, and this could be wrong, has 13 BECs. South Australia has nine BECs. I would have thought that perhaps we are over-serviced, perhaps there could be a more efficient model, perhaps they could consolidate to maybe three or four.

**Mr GRIFFITHS:** I think the attrition that will occur will bring it back to a core group of four, minister.

**The Hon. A. KOUTSANTONIS:** Creative destruction. It is a principle that I am sure many Liberals live by.

**Mr GRIFFITHS:** If I can jump to the federal minister Senator Nick Sherry, who has a proposal for a dispute resolution service for small business. I am aware that you are modelling the Small Business Commissioner on Victoria, and that ourselves and two other states at least are looking at that model with the intention that you introduce it. Is there any risk of duplication there? How are you going to ensure, in your discussion with your state colleagues, that the best system evolves from it and that, if possible, you get some money from the federal government to support what the Small Business Commissioner does?

**The Hon. A. KOUTSANTONIS:** I have been in constant consultation with Mr Sherry and his officers about this matter. I have met with him a number of times to discuss this. Our legislation, we feel, will complement the federal government. Quite frankly, I think that the federal government should step into this sphere, it should be stepping in to do what we are doing. We acknowledge that the commonwealth constitution takes pre-eminence in this matter, and I would like to see them step into this space. However, while they vacate it, I think it is important that we protect South Australian businesses and I think it is important that we step in to fill that void.

I am sick and tired—and you were on the committee with me—of seeing mums and dads invest their life savings into a franchise; basically, they are buying a job. They buy this job and they sign a contract which they have had legalised usually by a lawyer who is not an expert in franchising who says, 'Yes, this is a perfectly legal constituted contract for you to sign. Yes, sign away,' and then all of a sudden they are told to buy products higher than cost, they are told to buy products regardless of sales, they are told to hire a certain member of staff regardless of their turnover.

Then, when it all goes pear-shaped, they are told to sign lease agreements for rentals they cannot afford, that the turnover does not justify; even worse, they are told what their goodwill is worth—that is, they are told to sell the business for a certain price regardless of turnover—or they are told one day that they will be spending \$45,000 in the rejuvenation of the business through different colours or a different colour scheme without any notice. Until the federal government steps in to fill this void and says, 'This is unconscionable, unfair conduct,' we will.

**Mr GRIFFITHS:** Minister, I would never defend those activities that put individuals at risk as you have outlined, but I am sure you would like to put on the record that there are very good operators of franchises out there, also, who do actually have a focus on the success of franchisees and do not seek to churn. Like you, I have heard the horror stories which scared the life out of me, and at that stage I would advise people, 'Really seriously consider it before you go into it.' Since then, I have had the opportunity to hear part of the argument from the other side where success has been built and individuals have been rewarded through hard work, too. You put a negative aspect, but there is a positive aspect, too.

**The Hon. A. KOUTSANTONIS:** I will give you an example. My parents ran a deli for 11 years in Cowandilla and they knew all their customers and, when they sold their business to move on to another business, everyone in the neighbourhood knew there were new owners. They knew that there were new people coming in to run the business. How do you know when a fast-food outlet—and I will name three, so I am not targeting one, KFC, McDonald's or Hungry Jack's—has changed owners?

**Mr GRIFFITHS:** I would agree that you do not.

**The Hon. A. KOUTSANTONIS:** You do not know. How would you know if a Bakers Delight has changed owners? You do not know. A Michel's Patisserie? You don't know. Some of these franchises are very honourable and do very good work; others are not—and I am not saying that any of the ones I have mentioned are in that group. I do not want to use privilege that way. However, times have changed and the idea of knowing who ran your business is over, so how do we know churn is not going on? How do we know there is not unconscionable conduct going on? The small business commissioner will be there to receive complaints.

We know that a large number of people are coming to my office as a member of parliament in West Torrens (and indeed other members of parliament are being inundated with calls from people) saying, 'I am being treated very unfairly by the master franchisor.' My point is that I will not usurp the commonwealth government. I am simply taking the state government to fill a vacuum that is left there by the commonwealth for the last 111 years, being not in this situation.

In the United States, franchising is a very successful form of business. There are very low rates of bankruptcy. The models are tested and they work and it is in everyone's interest to

succeed. Unfortunately, some rogue master franchisors see this as a way of milking franchisees, and I will not let that stand.

**Mr GRIFFITHS:** Sadly, there are rogues that exist in every industry and in every form of life.

**The Hon. A. KOUTSANTONIS:** But this is worse because of the unfair, unconscionable conduct that is going on. All I am simply trying to do is to stamp that out. There are a number of small businesses which have retail tenancies which have been the bane of members of parliament's lives for a long time and, indeed, those families have been told by landlords what their conditions are. In small business, a lot of that work is about building up goodwill. That is what the business is worth in the end: not necessarily the turnover, but what you can sell it for. Landlords can take it away like that. I think that is dangerous, and I am here to stand up for the little guy, and I hope the Liberal Party joins with me.

**Mr GRIFFITHS:** That is why I am looking forward to the bill being presented to the house so that we know exactly what we are talking about.

**The Hon. A. KOUTSANTONIS:** I look forward to your support.

**Mr GRIFFITHS:** Again, the consultation paper was out there earlier in the year, and my understanding is that it had 56 submissions, I think, or thereabouts.

**The Hon. A. KOUTSANTONIS:** I think so; yes.

**Mr GRIFFITHS:** I look forward to that. Minister, it is a regulatory issue that you have referred to in some of your answers, but in relation to the industry participation policy I am particularly interested whether you, from a small business perspective, have had any input into that to try and ensure success.

**The Hon. A. KOUTSANTONIS:** I suppose I will be answering this question twice today, but that's okay. In its March 2009 economic statement, the Economic Development Board recommended a review of the South Australian Industry Participation Policy (SAIPP), in order to secure increased benefits from the growing number of major investments of South Australia to assist in the transition of the state economy.

The Department of Trade and Economic Development led the review, which assessed the effectiveness and scope of the current policy, as well as recommending areas which could be improved through both policy development and implementation. The review, undertaken by independent consultants, included a cost benefit analysis of changes proposed to improve the policy, taking into account the impact of red tape and cost to businesses.

The review supported the continuation of the industry participation policy, and consultation undertaken with large contractors suggests that its existence has raised the profile of local industry participation as a key government policy position. Consultation was subsequently undertaken with business stakeholders, industry groups, union representatives, other government agencies, the State Procurement Board, the Economic Development Board and the Manufacturing Consultative Committee.

The feedback provided from the consultation process argued for changes to contract value thresholds and a need to ensure companies winning tenders delivered under industry participation plans. Global research conducted by Professor Goran Roos, manufacturing Thinker in Residence, identified the increased trend for jurisdictions to use public procurement as a tool for achieving industry, innovation and research policy objectives.

Further consultation with government agencies, ministers and key stakeholders take place on the redraft of SAIPP, and it is expected that the final policy will be presented to cabinet. Now, we have to be careful about this, because we do not want larger states—

**Mr GRIFFITHS:** Yes.

**The Hon. A. KOUTSANTONIS:** —doing the same thing, but I think there can be a very clever realignment of this policy to make sure that we get the full benefit of the economy in transition.

**Mr GRIFFITHS:** Madam Chair, through you, to the minister: I am sorry if I have misconstrued what you have just read out, but has that final position been reached and has the policy been reviewed? You said it had to go before cabinet; is that an outdated statement, or is it currently still up for review?

**The Hon. A. KOUTSANTONIS:** I expect it will be finalised this quarter.

**Mr GRIFFITHS:** Okay, so the third quarter of this calendar year.

**The Hon. A. KOUTSANTONIS:** But look, we have to be very careful here, because we do not want New South Wales, Queensland or Western Australia doing the same thing.

**Mr GRIFFITHS:** Well, we live in a competitive nation, don't we? That's just it, yes.

**The Hon. A. KOUTSANTONIS:** And we also have to be careful of the World Trade Organisation's obligations as well—which John Howard signed us up to.

**Mr GRIFFITHS:** Minister, I pose this question to you: will the Australian Business Licence and Information System (ABLIS) enable South Australian businesses to have their license or permit application processed and approved quickly, as opposed to, as I am told, if you go through the Office of Consumer and Business Affairs option, sometimes there is a 10 or 12-week backlog on that. I am sure you respect the fact that, when somebody has an idea, they want to get into it, don't they? That is just it. So, are you aware of this new system that is going to be in place, and will it enable South Australian businesses to get up quickly?

**The Hon. A. KOUTSANTONIS:** I am aware of it, but I will take that on notice, because I would much rather consult with my ministerial colleague, minister Gago to give you a more informed answer.

**Mr GRIFFITHS:** But, minister, have you been involved in the development of that in any way?

**The Hon. A. KOUTSANTONIS:** Absolutely; my advice is that the department has been consulted.

**Mr GRIFFITHS:** Okay. Minister, if I can just refer back to the small business commissioner bill; when I mentioned that it was my understanding there were 56 submissions, you nodded in agreement—that was about the figure that you were aware of?

**The Hon. A. KOUTSANTONIS:** Sorry, what was it?

**Mr GRIFFITHS:** Fifty-six submissions on the small business commissioner bill. Can you confirm, because it was an extensive period of consultation—

**The Hon. A. KOUTSANTONIS:** Fifty-seven.

**Mr GRIFFITHS:** Fifty-seven; I stand corrected then. Thank you for that. It is wonderful to have the resources of the department behind you, minister, to have things right—

**The Hon. A. KOUTSANTONIS:** We are mere mortals in the presence of greatness.

**Mr GRIFFITHS:** I am not sure to whom the minister is referring, but it is someone. Indeed, were there any concerns expressed as part of that consultation? Did people feel that, no, it should not continue? What was the consensus amongst those 57 submissions?

**The Hon. A. KOUTSANTONIS:** On the advice I have received just now, I understand that 93 per cent were supportive. The Franchise Council of Australia obviously was opposing it, or had major difficulties with it, and some lawyers' groups. So, the people who draft the contracts and the master franchisors are opposed to it; everyone else is in favour of it. I will say this again: the small business commissioner will send shockwaves through the franchising industry in South Australia because we are going to even up the playing field. Bad master franchisors will not like this; the good ones have nothing to fear.

**Mr GRIFFITHS:** Minister, if you are basing it upon the Victorian model, my understanding is that in the early period of the Victorian commissioner's existence the level of contact was quite low but that it has picked up considerably in that time. Is the feedback you are receiving from your Victorian counterparts that it is based upon franchising issues in the main, or is it just in general terms of trade for small business where they feel there is a need?

**The Hon. A. KOUTSANTONIS:** I cannot speak for the Victorian system, and everything I give you will be anecdotal from my conversations with them. I understand that they started off with a very low contact rate and that it has been building steadily. I would expect that the franchisees, as opposed to franchisors, will be contacting the small business commissioner in droves.

I have had people come to my office who have talked about suicide because of the pressure they have been put under by master franchisors. It is the job of every government to try to

ease financial pressure. Having a fair regulatory framework in place for small businesses, where they can compete fairly, where the deck is not stacked against them, is the right of every small business owner. Ultimately, what should succeed is the idea and the business plan, not the contract.

When the business idea and the business plan are good and businesses fail—and this is the important point with franchising: the business succeeds, but the business fails at the same time; that is, the business owners fail yet the turnover is still there to sustain a business)—how is that possible? Because the contract is unfair. That is the paradox we have with franchising. The business model is good, the product is popular, the branding works and the trademark is working, then are these businesses going bankrupt? Because of unfair predatory practices by master franchisors. I am going to stamp it out.

This government, the Labor government, is committed to protecting small businesses. I understand you have not seen the bill yet, fair enough, but I will be interested to see what the opposition does on this bill because this is about protecting mum-and-dad investors, small businesses, your constituency.

**Mr GRIFFITHS:** I agree with that entirely, and we are made up of communities where small businesses operate and have driven them for decades and generations. Our personal exposure to it is very high, too: members come into this place with that background; indeed, it influences the way they think on any decision put before them. I do not believe we are that far apart. I had a conversation with you some months ago—

**The Hon. A. KOUTSANTONIS:** My concern is not with you; I think you are fine. I am worried about the other people in the organisation.

**Mr GRIFFITHS:** We are a party that reaches consensus on discussions, too.

**The Hon. M.J. ATKINSON:** We know what is happening in the Liberal Party—we know.

**Mr GRIFFITHS:** I am sure your network of spies is not that good, member for Croydon.

**The Hon. A. KOUTSANTONIS:** Where is Michael Pengilly?

**Mr GRIFFITHS:** It has been suggested to me by the Chair that I should read in the omnibus questions. If I do it once, it will cater for all the panels the minister is doing?

**The CHAIR:** Yes.

**The Hon. A. KOUTSANTONIS:** Before you start—we have run out of time. Sorry, go ahead.

**Mr GRIFFITHS:** I would rather hear you and then someone else can read in the omnibus questions.

**The Hon. A. KOUTSANTONIS:** The member said that we were the highest taxing state in the nation. I have here a report from *The Australian*, a record of note, showing that we are not the highest taxing: we are one of the lowest.

**Mr GRIFFITHS:** These are the seven omnibus questions, minister:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2010-11 for all departments and agencies reporting to the minister—listing the name of the consultant, the contractor or service supplier, cost, work undertaken and method of appointment?

2. For each department or agency reporting to the minister how many surplus employees will there be, or were there, at 30 June 2011, and for each surplus employee what is the title or classification of the employee and the Total Employment Cost (TEC) of the employee?

3. 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, and, indeed, how much was approved by cabinet?

4. Between 30 June 2010 and 30 June 2011, will the minister list the job title and total employment cost for each position (with a total estimated cost of \$100,000 or more)—

- (a) which has been abolished; and
- (b) which has been created?

5. For the year 2010-11, 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?

6. For all capital works projects listed in Budget Paper 5 that are the responsibility of the minister (again this refers to all his portfolio areas), will the minister list the total amount spent to date on each project?

7. 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, 2013-14 and 2014-15?

**The CHAIR:** There being no further questions I declare the examination of the proposed payments adjourned until later today.

**DEPARTMENT OF PRIMARY INDUSTRIES AND RESOURCES, \$112,648,000**  
**ADMINISTERED ITEMS FOR THE DEPARTMENT OF PRIMARY INDUSTRIES AND**  
**RESOURCES, \$3,589,000**

**Membership:**

Mr van Holst Pellekaan substituted for Ms Sanderson.

Mr Williams substituted for Mr Griffiths.

Hon. M.J. Atkinson substituted for Mrs Geraghty.

**Witness:**

Hon. A. Koutsantonis, Minister for Mineral Resources Development, Minister for Industry and Trade, Minister for Small Business, Minister for Correctional Services.

**Departmental Advisers:**

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

Mr S. Archer, Group Executive Director, Portfolio Services, Department of Primary Industries and Resources.

Dr P. Heithersay, Group Executive Director, Minerals and Energy Resources, Department of Primary Industries and Resources.

Mr T. Tyne, Executive Director, Mineral Resources Group, Department of Primary Industries and Resources.

Mr M. Williams, Manager, Budget Strategy, Department of Primary Industries and Resources.

Mr S. Johnke, Director, Finance and Asset Management, Department of Primary Industries and Resources.

Mr B. Goldstein, Executive Director, Petroleum and Geothermal Group, Department of Primary Industries and Resources.

**The CHAIR:** Good morning. We now have the Minister for Mineral Resources Development. I declare the proposed payments open for examination.

**The Hon. A. KOUTSANTONIS:** May I make an opening statement?

**The CHAIR:** You may. May I just assert whether there are questions from the government side on this? No there are not. Thank you, minister.

**The Hon. A. KOUTSANTONIS:** Thank you. I will try to be brief in my opening statement. The portfolio of mineral resources development is a key driver of economic prosperity in South Australia and encompasses regulation, environmental assessment and royalty administration of the minerals, petroleum, gas and geothermal sectors.

The portfolio also has the responsibility for actively attracting investment from both Australian and international mineral and energy resource companies which will lead to new discoveries, and mining and resource developments for our state. PIRSA, Minerals and Energy Resources, has the lead role in regulating minerals, petroleum and geothermal exploration and development of new mines, new petroleum production and new geothermal energy projects. The government's 2011 budget for mineral resources development, our minerals policy which was announced in 2010, and our initiative programs such as PACE 2020 will continue to support the progressive growth of the minerals and energy sectors.

It is important to reflect on our government's achievements in this area over almost a decade as a backdrop for considering this year's budget matters. Over the last nine years, our government has established a supportive framework for industry across all areas of mineral and energy sector development, from initial exploration and discovery through to major mining construction and production, which have delivered new jobs and created new wealth for our state.

South Australia is now known internationally for its world-class discoveries and mineral deposits at Olympic Dam, Prominent Hill and Jacinth-Ambrosia. Our state has built up a global reputation as a secure and stable jurisdiction for investment. Since 2002, South Australia's mining sector has grown from four to 16 major mines with around 30 advanced mineral projects working their way through feasibility studies and the approvals process. This success reflects the importance of new mineral and energy discoveries, driven by our internationally respected Plan for Accelerating Exploration (PACE).

The independent Fraser Institute continues to rank South Australia in the top decile of the world's mining jurisdictions for prospectivity, mining policy and geological databases. Most recently in 2011, Deloitte Access Economics referred to South Australia in its resource economics forecast report in the following terms:

One day South Australia will be a titan of the global resource landscape. It is a world-class minerals province, with almost 40 per cent of the globe's known recoverable uranium reserves, as well as significant volumes of copper gold and silver...

And:

...the State's comparative advantage in mining lifted further in the past decade...

I further quote:

The result is the State has the potential to be a big player in global resources markets.

Minerals have become South Australia's largest single contributor to merchandising exports, outperforming all other sectors, worth \$2.8 billion in 2009-10, more than double the \$1.17 billion in 2003-04. Mineral exploration expenditure has now well and truly rebounded after reduced investment confidence during and post the global financial crisis with more than \$200 million worth of expenditure year to date March 2011 (latest ABS figures) with clear indicators that this expenditure will continue to strengthen.

These results exceed our South Australian Strategic Plan targets for both exploration and mineral production, and I welcome the congratulations of the opposition. This year, 2011, sees the delivery of a substantially amended Mining Act and a revised mineral royalty regime which will secure a more appropriate dividend for the resource assets owned by the people of our state. The new mine rate of 2 per cent for the first five years recognises the initial risk and high risk nature of the start-up phase of a new mine, and the risk taken by shareholders to explore for and develop mines in South Australia. The Mining Act amendments, the new mining regulations and new royalty arrangements have now come into force at the beginning of a budget year and will set the legislative framework for best practice environmental management and royalty returns from our growing mining industry.

In 2004 this government launched a Plan for Accelerated Exploration (or PACE) initiative, and this initiative has helped put South Australia on the global resources map. PACE is recognised around the world as one of the most successful government exploration initiatives delivering new discoveries and new mining developments for our state.

Our Premier (Hon. Mike Rann) released the Mining in South Australia Policy 2010 as part of the government's commitments at the last election. The 2010 state budget delivered a key element of that policy—PACE 2020. The \$10.2 million expansion of the PACE scheme over four years, established as the new PACE 2020 initiative in September 2010, will drive further resources exploration and mining developments in our state.

The state budget reaffirms the government's Mining Policy 2010 commitment to PACE 2020, and the component programs of PACE Exploration, PACE Mining and PACE Global. I am also pleased to announce today that \$0.5 million is allocated in the 2011-12 state budget to fund a scoping study on the development of alternative options for a new South Australian Mineral and Energy Drill Core Reference Library.

This library accommodates reference drill samples from exploration sites, and this new library will be able to store the material planned for acquisition in the coming decades and beyond. The scoping study on options for a new drill core facility will be completed by late 2011. The government's strong support to the exploration and mining industry, particularly through PACE, is now resulting in more than one million metres of mineral company drilling alone per year—one million metres.

PIRSA carefully selects around 35,000 metres of the representative (or signature) drill core reference material for permanent archive and open-file viewing by the industry. Over 6.3 million metres of reference core is stored at three sites: Glenside, Whyalla and Moonta. However, these sites have reached capacity. I think that we might also have some at Thebarton—God's country!

Temporary storage arrangements have been established at Thebarton, but this is also expected to reach capacity by 2013-14 based on current receipt rates of core samples provided by the industry. In 2011 the PACE 2020 programs will also now include a PACE Energy component.

Our geothermal sector in South Australia has the three most advanced geothermal projects in the country: Geodynamics' Innamincka project; Petratherm's Paralana project; and Panax's Limestone Coast project. At the end of May 2011, there were 241 geothermal exploration licences covering 127,918 square kilometres of South Australia. This represents 59 per cent of all geothermal licences currently granted and in the process of being granted within Australia. Investment in South Australian projects represents 87 per cent of the national tally for geothermal exploration and demonstration projects to year end 2010.

To further support South Australia's highly-prospective geothermal industry, the state government and the University of Adelaide joined forces to create a hub of geothermal energy research. This commenced in 2009 with the government providing a foundation grant of \$1.6 million for the establishment of the South Australian Centre for Geothermal Research at the University of Adelaide.

The centre's mission is to establish a world-class hub for practical, high-priority geothermal energy research. It is now up and running and under the capable leadership of its director, Dr Martin Hand.

Clearly, it is in South Australia's interests to support the development of this young but very promising industry. Hundreds of millions of dollars have already been invested, particularly in the Innamincka area, in other areas close to the Beverley mine, and also in the South-East where, of course, the hot water is much closer to the surface. Also, it is near Penola, which is within about 7 kilometres of the national transition line.

At the moment, we are talking about hot rocks and also well shafts that have been dug to 4,000 metres. This is world-leading research and development and, if this is cracked, as I expect it will be, it offers massive potential for billions of dollars of investment to produce electricity on a continuous basis, not affected by weather, sunlight or wind. It would be pure renewable energy that is totally emissions free. Of course, that will be of massive international significance and we, South Australia, are leading the world.

On the petroleum exploration front, there is renewed interest in offshore petroleum exploration, with BP heading a major exploration program totalling over \$1.7 billion over the next six years. I will repeat that figure: \$1.7 billion. The benefits of successful exploration include economic development, energy security and infrastructure development. However, exploration activities will not occur without careful assessment and management of potential impacts to the environment.

Exploration levels in the Cooper Basin are slowly returning to normal after flooding in the region over the last 18 months. The government has been proactive during this difficult period by providing affected licence operators with suspensions, when sought, to assist them in managing their work programs. Cooper Basin blocks offered in 2010 attracted bids worth \$52.7 million in exploration work programs. The winning bids for all South Australian Cooper Basin blocks granted since 2001 represent exploration work program investment of \$378.53 million guaranteed and \$556.17 million in total.

Given the ongoing importance of the minerals and energy resource sector in driving the economic prosperity of this state, the government has not applied specific savings measures to this portfolio. That said, the Minerals and Energy Resources Division is expected to perform as effectively as possible and to implement efficiency measures that have been applied to PIRSA and other government agencies.

In conclusion, a wealth of good news is coming from minerals, petroleum and the geothermal sectors within this state. It will be a long journey to realise the full potential of minerals and energy resources in South Australia, but it is clear there has been a step change in the number of new minerals and energy developments in South Australia and a pipeline of growth opportunities will follow. Our future is certainly very bright. I now welcome your questions.

**The CHAIR:** Thank you, minister. I should have reiterated before that questions must be very clearly referenced. For my use, if nobody else's, I have the papers here, if you are interested. Obviously, as in other estimates committees, there will be a fairly flexible approach to questioning based on approximately three questions from either side; but I understand that, while the member for Little Para has some questions, there are very few others on the government side. If you would care to begin, member MacKillop.

**Mr WILLIAMS:** Am I going to be invited to make a statement?

**The CHAIR:** I am sorry. I did not know you wanted to make a statement.

**Mr WILLIAMS:** I did not but, since the minister has carried on for so long and taken nearly 20 minutes, there are a couple of things I do need to say. I did not think we were going to get to questions at all, to be quite honest.

Can I congratulate this government on continuing the program which was started under the previous Liberal government known as TEISA (Targeted Exploration Initiative South Australia). Of course, they abandoned it for a little while when they first came to government, but then they renamed it and now claim it as their own. I fail, and South Australians fail, to accept that it is their program, but I congratulate the government on taking it on. It is one of the few reasonable things this government has done in the nine-odd years it has been in government. But, I do question some of the hype that the minister has been displaying in his opening statement. The minister might dwell on the fact that there are fewer people employed in mining in South Australia today than there were in 1985.

On that theme, all of my questions will be from Budget Paper 4, Volume 3, unless otherwise indicated. My first question is in reference to page 180, Program 2: Mineral Resources Development, Description/objective, which goes to some of the hype that we have been listening to.

Last Friday, it was announced that Bianco Building Supplies has gone into receivership. On Adelaide radio Nick Bianco stated that part of the reason for the demise of that business was that he had expanded his business on the back of an expectation that there would be considerable work coming out of the mining boom.

I am also aware that the Whyalla council has done some work on the back of hope that there would be a boom in that community, and developed an industrial estate. I understand that quite recently, in fact, early in the first quarter this year, the Whyalla council laid off some staff. The reason given was that the investment in the industrial estate was not returning the cash flows that they expected; in fact, they have got blocks on the industrial estate now on the market at much lower price than the original valuation.

Minister, do you accept that your government has overhyped the mining boom—I say the words 'mining boom' rather than 'mining exploration boom'—and that this is causing real problems for real businesses and real families in South Australia?

**The Hon. A. KOUTSANTONIS:** I completely reject the Deputy Leader of the Opposition's assertions. Every time South Australia succeeds, a little part of him dies. The truth is that Whyalla is booming. Whyalla currently has Olympic Dam on its doorstep, which is about to be expanded. They have massive projects in place. There is a Deepak ammonium nitrate plant, which is a substantial investment, and then there is, of course, the desalination plant and fuel resources, and I understand that there are also going to be other developments there.

You are selectively quoting. It is not the government's fault that the industrial park is located in the wrong location for where industry wants it to be. The decisions that the Whyalla council make in no way reflect the boom that is going on in South Australia's mineral wealth.

In terms of Mr Bianco, Mr Bianco overcapitalised. If the Deputy Leader of the Opposition is suggesting that I should have somehow directed companies to give their contracts to Mr Bianco, he would be the first one getting up here moving for inquiries or royal commissions—

**The Hon. M.J. Atkinson:** He would be calling for an ICAC.

**The Hon. A. KOUTSANTONIS:** He would be moving corruption allegations. So, he wants it both ways. Mr Bianco has come out, on probably one of the toughest days of his life personally, to personally thank me and the government for our help. The opposition could not wait to come out and score some political points off the back of a great South Australian falling over. I think that says more about them than it does about this government and Mr Bianco. If Mr Bianco felt that the government had not done enough to assist him he would have said so; but, of course, what did he do? He congratulated and thanked me.

There is a mining boom going on in South Australia. In terms of the member's opening remarks, I find it amazing that he would bring up Targeted Exploration Initiative South Australia (TEISA). When the Liberal Party was last in office, there was no funding in their forward estimates for TEISA; indeed, the advice that I received is that funding ran out in 2001-02. This government is the one that put that money back in. Indeed, isn't it amazing that the member for MacKillop is complimenting a government initiative of which he was not part, because he campaigned against that government, and now he is trying to take credit for decisions that they made while he was running against—

**The Hon. M.J. Atkinson:** Dale Baker.

**The Hon. A. KOUTSANTONIS:** Dale Baker. The hypocrisy holds no bounds with this man. At least have the courtesy to say you congratulate the former Liberal government, of which you were not a member, for their initiative and not take credit for it yourself because you campaigned against them.

**Mr WILLIAMS:** Are we going to talk about the budget, Madam Chair?

**The CHAIR:** Member for MacKillop, order!

*The Hon. A. Koutsantonis interjecting:*

**The CHAIR:** Order! Member for MacKillop, you did actually begin this line of questioning.

**Mr WILLIAMS:** I never mentioned anything about who was a member of what party at any time, Madam Chair.

**The CHAIR:** No.

**Mr WILLIAMS:** Indeed, I was a member, and a very proud member, of the Olsen and then Kerin governments.

**The Hon. A. KOUTSANTONIS:** Eventually.

*The Hon. M.J. Atkinson interjecting:*

**The CHAIR:** Order, member for Croydon!

**Mr WILLIAMS:** I can understand the minister not wanting to talk about the budget because he just wants to carry on with the hype which is destroying South Australian businesses.

**The CHAIR:** Do you have a question?

**Mr WILLIAMS:** That is the point I was making.

*The Hon. M.J. Atkinson interjecting:*

**Mr WILLIAMS:** Yes, I do have a question.

**The CHAIR:** Excuse me, member for MacKillop. Member for Croydon, if you are going to—

*The Hon. M.J. Atkinson interjecting:*

**The CHAIR:** Order! Who is in the chair, you or me? I think you will find it is me. So, during this time let us hear what we really need to hear from you, which is a bit of silence.

**The Hon. M.J. ATKINSON:** I wasn't like that in school.

**The CHAIR:** Why on earth—this is a rhetorical question, do not answer it—would you keep on talking when I have asked you not to? Member for Croydon, we have a very brief time. Let us make it work effectively. Member for MacKillop.

**Mr WILLIAMS:** Thank you, Madam Chair. The minister in his reply to the last question did talk about one thing that was associated with the mining industry when he was talking about Whyalla and he talked about the proposal for Deepak Fertilisers to build a plant near Whyalla. The minister announced on 31 March 2011 that there will be a three-year feasibility study into an ammonium nitrate plant at Point Bonython by Deepak Fertilisers.

**The Hon. A. KOUTSANTONIS:** Point Lowly.

**Mr WILLIAMS:** Point Lowly.

**The Hon. A. KOUTSANTONIS:** Get it right. You are insulting the people of Whyalla.

**Mr WILLIAMS:** He lauded this project as delivering significant benefit to this state. I sought, via FOI, some information about this project from the minister's office and discovered that the minister has never met with any representatives of Deepak Fertilisers. On what basis does the minister laud this project and on what basis does he believe that it has to be built at Point Lowly? On what basis did he form an opinion on this when he has never met with the company?

**The Hon. A. KOUTSANTONIS:** Olympic Dam is going to have the largest open cut mine in the world. Only the Deputy Leader of the Opposition would think it not feasible or proper that we have an ammonium nitrate plant in South Australia.

**Mr WILLIAMS:** Did you meet with them or not, minister? Have you met with them or not?

**The Hon. A. KOUTSANTONIS:** Are you going to interrupt me or are you going to speak over me?

**Mr WILLIAMS:** No, I want you to answer the question.

**The Hon. A. KOUTSANTONIS:** I am answering the question.

**Mr WILLIAMS:** No, you are not. You are making it up.

**The CHAIR:** Order!

**The Hon. A. KOUTSANTONIS:** Madam Chair, the member for MacKillop just said that I am making it up.

**The CHAIR:** Are you make a point of order, minister?

**The Hon. A. KOUTSANTONIS:** I am just asking that he behave. The India-based Deepak Fertilisers and Petrochemicals sought a commitment from the government that if it obtains all of the necessary statutory and regulatory approvals for its technical ammonium nitrate (TAN) project and achieves financial close, the government will sell the necessary land parcel to Deepak Fertilisers to construct a plant. The company is a major manufacturer—

**Mr WILLIAMS:** You have not even met with them and you are out there on the radio lauding it. You are taking all of the credit for it and you have not even met with them.

**The CHAIR:** Order! Member for MacKillop, if you ask a question, you will get an answer.

**Mr WILLIAMS:** No, I will not, unfortunately.

**The CHAIR:** You will get an answer.

**Mr WILLIAMS:** Not in this place I will not.

**The CHAIR:** Far be it from me to act like a psycho schoolmarm, member for MacKillop—

**Mr WILLIAMS:** I would never accuse you of that.

**The CHAIR:** —but you are bringing it out in me, I am afraid. If you ask a question, listen to the answer, whether you like the answer or not, and then ask another question. Minister.

**The Hon. A. KOUTSANTONIS:** This company has not received approvals yet. If I had met with it beforehand the member for MacKillop would be accusing me of corruption.

**Mr WILLIAMS:** Come on, Tom! You are on the radio saying that it is a fantastic—

**The CHAIR:** Order, member for MacKillop!

*The Hon. A. Koutsantonis interjecting:*

**The CHAIR:** Excuse me. Order, minister! Member for MacKillop, there are 31 minutes left. I know you are passionate. I celebrate that.

**An honourable member:** We all do.

**The CHAIR:** We all do. We all celebrate passion, but if you could be passionate within the agreed parameters, that would be lovely. You ask the questions, he answers. You disagree, you ask another question. Please do not shout over each other because you both have far louder voices than I do—most unfair.

**The Hon. A. KOUTSANTONIS:** It is important that where there are approval processes in place that we get the ticks and approvals right. Deepak has not been approved yet, it has to go through a formal process. I think it is prudent that the regulating minister keeps some distance between that process. The local residents in Whyalla are very concerned that the government may use major development status to approve this project. I have said publicly that I will not allow that council to hide behind the government making this a major development. There are approvals being done; there are approvals being made.

When those approvals are considered, and if Deepak is successful, then it would be appropriate for them to have more further contact with me. They have met with government representatives; but it is highly appropriate the way I have conducted myself over this. Anything else, and I would be accused of improperly favouring or biasing one company over another. The truth is that I cannot win. I must keep some distance.

The member for MacKillop has said that I have taken all the credit for this project. He has come out and criticised the project and said that it should not be put where it is. Either it is a good idea or it is a bad idea. If he thinks it is a good idea he should say so and support it and, if he thinks it is a bad idea, stick to your guns. He says on radio one day that the opposition has not made up its mind and probably will not support this and then in here he says it is a great idea and I am taking all the credit for it.

I have made a conscious decision about this and I stand by that decision. Deepak has met with members of the government, but I am the approving minister. So if that is how you would operate as mineral resources minister that is your choice. I will not operate the same way you do. There are two very different ways of managing portfolios.

The India-based Deepak Fertilisers and Petrochemicals sought a commitment from the government that, if it obtains all the necessary statutory and regulatory approvals for its technical ammonium nitrate (TAN) project and achieves financial close, the government will sell the necessary land parcel to Deepak Fertilisers to construct the plant. The company is a major manufacturer of ammonium nitrate. The government has agreed to license 310 hectares of land to Deepak for a period up to three years to undertake its investigations and obtain all the necessary statutory and regulatory approvals. This agreement will include the following conditions:

- Development of an appropriate strategy for community engagement and feedback;
- That the plant design must minimise land requirements, including the buffer zone;
- That the plant design must minimise environmental impact;
- The acquisition of all necessary statutory and regulatory approvals as per the state's Development Act 1993; and
- Demonstrate the appropriate financial appraisals and arrangements to pay for the development.

Deepak Fertilisers would be given three years to undertake these tasks. If Deepak Fertilisers cannot comply with these conditions, the government would not sell the land. Deepak will be required to use best practice in the development of its plant to minimise risk.

Ammonium nitrate is not an explosive in itself, only an ingredient that is used to manufacture explosives. The government will only license the plant if it is satisfied that the operation meets all safety requirements. If developed, this plant will not produce any marine discharge. The plant's operation will have no impact on the giant cuttlefish and other marine life.

**Mr WILLIAMS:** It is interesting, given the minister's comments just a moment ago with regard to Deepak Fertilisers. Last Tuesday on Adelaide radio the minister talked about a project—which I believe he has been briefed on—with Central Petroleum. Central Petroleum and Allied

Resources announced, on Monday last, a project which they believe could be a \$7.5 billion coal-to-gas project in the Far North of the state.

Central Petroleum had gone into a trading halt on the stock market the previous week and announced on Monday that it was seeking \$300 million from investors to fund a feasibility study into the underground coal gasification process and to prove up the resource. Does the minister believe it is reasonable for him to publicly laud this project as 'a rival Olympic Dam'—I think he probably meant to say a rival of or to Olympic Dam, but that is the direct quote—and as 'a game changer' for the state. Did he at any time consider what potential influence such statements from a minister of the Crown might have on the sharemarket?

**The Hon. A. KOUTSANTONIS:** I am advised that, as it turns out, I had none.

**Mr WILLIAMS:** So you never considered it, yet a moment ago you were talking about how, with regard to Deepak, you would not meet with them because it would be, in your words, 'inappropriate', and somebody might suggest that you were involved in corruption, yet you were out there on the airwaves publicly lauding a particular project and calling it a 'game changer', when it is a highly speculative process that that company is going through at the moment.

**The Hon. A. KOUTSANTONIS:** Does the shadow minister accept that he is now questioning that the—

**Mr WILLIAMS:** I am questioning your statement. That is—

**The Hon. A. KOUTSANTONIS:** Yes

**Mr WILLIAMS:** —what I am questioning. I am questioning your statement.

**The Hon. A. KOUTSANTONIS:** Okay, have you finished? You just said, in your remarks, that it is 'highly speculative', so what impact would that have on the sharemarket, or do you float above the rules? You float above the rules, do you?

**Mr WILLIAMS:** I am not the minister.

**The Hon. A. KOUTSANTONIS:** Oh, okay.

**Mr WILLIAMS:** I am not the minister.

**The Hon. A. KOUTSANTONIS:** Yes, but you are the alternative minister.

**Mr WILLIAMS:** Yes.

**The Hon. A. KOUTSANTONIS:** You have just said that turning coal seam into petroleum is highly speculative, so I assume that what you are saying to all investors in South Australia who want to do that kind of work here is, 'Don't come to South Australia because the shadow minister, who wants to be the minerals minister, thinks it is highly speculative.' One minute, you attack me for my comments and then have no regard for your comments, which you make under privilege.

**Mr VAN HOLST PELLEKAAN:** That's rubbish, Tom.

**Mr WHETSTONE:** Absolute rubbish.

**Mr WILLIAMS:** Yes, of course it is rubbish. Minister, also in that interview you were asked if the introduction of a carbon tax would affect the project, and you stated that Allied Resources had confirmed that it would not affect the project. The question was 'and they said it is a goer, even with the \$20 a tonne carbon tax', to which you replied, 'Yeah, absolutely.' Can the minister detail the discussions he had with Allied Resources about a potential carbon tax?

**The Hon. A. KOUTSANTONIS:** That is a commercial decision for them; they say it will not affect them—

**Mr WILLIAMS:** No, the question was: what discussions did you have with Allied Resources?

**The Hon. A. KOUTSANTONIS:** I just told you: they have made a commercial assessment on that. If you had involved—

**Mr WILLIAMS:** Minister, are you aware that the US government has passed a law called the Energy Independence and Security Act, which prohibits any US federal agency from procuring synthetic fuel? This law was enacted in direct response to the US Air Force plans to develop coal to liquid fuels because of the greenhouse gas implications to the technology. It was in response to

a study that was tabled at the 8<sup>th</sup> International Congress of Greenhouse Gas Technology, which estimated that the coal to liquids produces 1.8 times the greenhouse gas of conventional fuels.

**The CHAIR:** Member for MacKillop, I would like to point out that the minister does not have to comment on the United States of America and its legislature and the decisions it makes. If the minister wishes to answer that question, he may, but it is slightly irregular.

**Mr WILLIAMS:** The question, Madam Chair, was in response to the minister's claim that a carbon tax would have no impact and that, in fact, this particular project was very carbon-friendly. I suspect the minister does not know what he is talking about.

**The Hon. A. KOUTSANTONIS:** I weep if the shadow minister ever becomes minister because what he is saying to the marketplace is that he does not think that this form of exploration is worthy, although I understand that the federal shadow minister is supportive of it—I could be wrong about that; I will double check. What he is saying is that he does not support this type of exploration, and I think that is sad because the particulates in this type of exploration are lower in sulphur than other emissions. It is a greener type of energy.

If he thinks it is unworkable, then that is a matter for him, but I foresee a future—if the South Australian people are ever unlucky enough to have him as their minister for mineral resources development—when you will see exploration dry up very, very quickly because he has just stated publicly, in the house, that he thinks this type of technology is unworkable. He has no care whatsoever for the ramifications of his comments on the sharemarket, yet he tries to say that my comments somehow impact on it.

**An honourable member:** That's rubbish again.

**The Hon. A. KOUTSANTONIS:** What would you know?

**Mr WILLIAMS:** Madam Chair, it would be nice if the minister actually starts talking about policy, rather than having just a slag at myself. Can he inform the committee of any advice he received from his department on this particular project that we are talking about and particularly whether his department described this project as a 'game changer' for this state?

**The Hon. A. KOUTSANTONIS:** I do not walk away from my quotes, but I will get some advice. I will get a more detailed response, but the department has received advice with the term 'game changer'. I will get that for you, just so that while you are trashing this industry, you can understand the full implications of what you are saying—like when you wrote ALP policy.

**Mr WILLIAMS:** You are good, Tom.

**The Hon. A. KOUTSANTONIS:** That's true, I am. Thank you. I am supportive of mining and exploration, unlike yourself.

**Mr WILLIAMS:** I just wish you would understand the industry, minister, and then you could actually act like a minister should.

**The Hon. A. KOUTSANTONIS:** Perhaps they could have been here when we were debating the mining royalties and seen your understanding of the act. That would have been impressive too.

**The Hon. M.J. ATKINSON:** Come on, read your next question. Read it out.

**Mr WILLIAMS:** Are you right there? Minister, in your opening statement you also talked about the Fraser Institute. In last year's budget, under the minerals sub-program, the performance commentary included the comment that the Fraser Institute annual survey of mining companies ranked South Australia in the top 10 jurisdictions in the world in the category of policy potential. South Australia's rating actually was 10<sup>th</sup>. You mentioned that we were in the top decile; we were just in there.

Is the fact that the Fraser Institute rating has dropped out of the top decile the reason that this year's budget is silent on this rating? Can the minister comment on our rating falling from No. 4 in the world in 2007 in the category for mineral potential, assuming current regulations/land use restrictions, to No. 27 in the 2010-11 ratings? Is this explained by South Australia being ranked 38<sup>th</sup> by the Fraser Institute in the category of infrastructure?

**The Hon. A. KOUTSANTONIS:** In terms of the ratings, I have always viewed South Australia as a relatively young mining jurisdiction in terms of where we are and where we are going, and we are in the early stages of that. I think a sober analysis of mining in South Australia is

that the potential is massive. I read out earlier—I think it was Ernst & Young or Ernst Deloitte were talking about South Australia being a future titan in mineral resources.

Ratings and fluctuations change year by year and it is always our aim to be as high as we possibly can. In terms of infrastructure, as mining projects come online quickly, I would imagine that infrastructure takes a lot longer to catch up. As I have said publicly before, it is probably a signal that South Australia's mining boom is working, because the infrastructure, which takes a long time to build and catch up, is following the mining boom. So, I do not necessarily see it as a major problem. It is something that we both need to look at in terms of mining infrastructure. Infrastructure is going to be the big problem for us in the next 10 to 15 years because of the volume of money we need to spend on it.

As mining projects come online—when you go from four to 16 mines in a relatively short period of time and you have 30 in the pipeline—infrastructure needs are going to be stretched. Ultimately, it is a good problem to have. I think those ratings are not necessarily as bad as the member hopes that they are, but I will ask Dr Heithersay to give you a big more information.

**Dr HEITHERSAY:** Thank you, minister. The Fraser Institute has a number of criteria in there, and the two that matter are the ones the honourable member has just talked about, which is the policy potential index and the raw mineral potential index. The thing that a government can control is the policy potential; that is, do the policy settings allow a mining-friendly jurisdiction? South Australia has been in that top 10 for a while and has led all other Australian states for some time.

The mineral potential index is a bit more volatile because it does tend to revolve around perceptions in any given year. What tends to happen in the industry is that one year certain commodities will be more in favour than others and, therefore, you will find that jurisdictions tend to jump around a bit on that particular index. That being said, we aim to be in the top 10 in that index as well, and that is what PACE 2020 is all about: to make sure that the pre-competitive data that is required by the industry is out there; that we have the best online services in the world, which is also acknowledged by the Fraser Institute; and that we are pitching the best process we can to the world so that they come to South Australia.

In terms of infrastructure, as the minister just said, as particularly the new iron ore hopefuls come online, infrastructure will be stretched. Therefore, you would expect that in the interim we will get variable ratings on that, but the market is reacting to it. A number of ports proposals are being floated at the moment. The thing that the state government has the most influence over is the Policy Potential Index, and South Australia has rated very well on that for a long time.'

**Mr WILLIAMS:** Whilst we are on the Fraser Institute, minister, you may be aware that the Fraser Institute is, in fact, a climate change denier. Do you support the federal government's introducing a carbon tax, and what impact do you think that will have on our mining sector in South Australia?

**The Hon. A. KOUTSANTONIS:** I do support a carbon tax. I am stunned that the opposition are climate change deniers. I am stunned that they do not accept the science. I am stunned that they do not believe—

**Mr WILLIAMS:** Madam Chair, the minister is asked a question. He is now—

**The CHAIR:** Order! Are you making a point of order, member for MacKillop?

**Mr WILLIAMS:** Yes, I am, Madam Chair. The minister is now debating the answer to the question that have I asked him. I simply asked him: does he support a carbon tax, and what impact would that have on the mining sector in South Australia? I did not ask him about his opinion on what somebody else might think. I just want to know what impact he has been advised that a carbon tax might have on the mining sector. I thought that was what we were here to talk about.

**The CHAIR:** I hear what you are saying, member for MacKillop. This is a question and answer session, but it is also a discussion. The very nature of estimates (as you well know, having been longer in this place than I) is that, as I said on Friday, it is free ranging—free ranging like an egg, so I think—

**Mr WILLIAMS:** It is the chicken that is free ranging, ma'am, not the egg.

**The CHAIR:** There are many chickens in the room—indeed, there are some roosters. Carry on.

**The Hon. A. KOUTSANTONIS:** I remember the debate in the 1980s about tariff reductions. I remember the debate was: should Australia be first to reduce tariffs and open up our economy to international competition when other countries are not? The then conservatives were saying, 'Why should Australia be first? Why should we reduce our tariffs now while other countries have protective industries?' The Hawke-Keating governments pushed ahead with reform, and it was the right thing to do. Indeed, Tony Abbott now points to them as being successful reformers of our economy.

The question I pose to South Australians and the opposition is: do you think that in the next 20 years there will be a carbon tax around the world? The answer to that is: there will be. To the question the opposition asks, 'Should Australia be first?' I say we should. We should prepare for it and we should be ready for it. The same as we did with tariffs, we should do with the carbon tax, because a carbon tax is coming in globally, and if it comes in globally we should be ready for it.

I know the opposition are climate change deniers: they do not believe it happens, they do not think it is man-made and they do not think that man affects the climate. That is their prerogative, and in a free country they are allowed to believe whatever they like. I know the climate change deniers. I know that they find the science is unbelievable, and that is their right. This government believes that climate change is real. This government leads the nation in trying to reduce the effects of climate change. I know that members opposite find it hard to accept that climate change is real; perhaps one day they will catch up—hopefully, it will not be too late.

**Mr WILLIAMS:** Again, the minister refuses to talk about what impact a carbon tax might have on the industry here in South Australia—an industry he claims to be a champion of—but I will press on. Does the minister agree with his Premier, who said:

Nystar would be the first to say that what applies in Europe should apply to the environment and to the citizens here in Australia.

Or does he agree with the general manager of Nystar's Port Pirie smelter, Glenn Poynter, who said that the Premier was misleading people and pointed out that the competitors for Nystar's Port Pirie smelter are situated in Asia and that that means we should be having a similar sort of carbon response as our competitors in Asia?

**The Hon. A. KOUTSANTONIS:** I have no idea where that is in the budget papers. If you could find me the Premier's quote in the budget papers I would be happy to answer.

**Mr WILLIAMS:** The quote came from the estimates committee last week actually, minister.

**The CHAIR:** Yes, but we are not here to discuss the estimates committee, and it was a question full of comment.

**Mr WILLIAMS:** It was a direct quote. It is full of fact, actually. There were two quotes: one from the Premier and one from Nystar.

**The Hon. A. KOUTSANTONIS:** Madam Chair, we—

**Mr WILLIAMS:** All right, I will move on.

**The Hon. A. KOUTSANTONIS:** No, I will answer it.

**The CHAIR:** Order!

**The Hon. A. KOUTSANTONIS:** The Premier was at estimates with the Leader of the Opposition, I think, for a full session.

**The CHAIR:** Twelve hours.

**The Hon. A. KOUTSANTONIS:** Twelve hours, and not once did she raise it with the Premier. He made that quote and not once did the opposition deem it fit to ask him a question about it.

**The CHAIR:** Member for MacKillop.

**Mr WILLIAMS:** I have asked the question and you are the responsible minister, and you will not answer it.

**The Hon. A. KOUTSANTONIS:** I have not seen the context in which the comment was made. If the member can show me the comment in the budget papers, I will answer it.

**Mr WILLIAMS:** You have just said that you believe in a carbon tax. Have you visited Nyrstar, the Port Pirie smelter? Are you aware of what they do there, minister?

**The CHAIR:** Member for MacKillop. I did say at the beginning of this question that I would appreciate it, if you could refer specifically to a budget line, and I am now feeling that you are straying away from that, so if you could just reference it, that would be good.

**Mr WHETSTONE:** Does that work both ways?

**The CHAIR:** Member for Chaffey, as I have heard members from your side interjecting a number of times, apparently you ask the questions. So, if you are asking the questions, you are the people referring to the budget line. Okay? Clear? Good.

**Mr WILLIAMS:** I think my colleague wants to know does that mean if we have to stick to the budget, does the minister have to stick to the budget in response to the questions which are directly related to the budget?

**The CHAIR:** You are wasting your own time—

**Mr WILLIAMS:** I think that is what the member was trying to work out.

**The CHAIR:** Member for MacKillop! Order! You are wasting your own time and mine, and that of the house, and that of the South Australian taxpayer. I suggest that you carry on asking questions that are related to the budget.

**Mr WILLIAMS:** Thank you, Madam Chair. I refer you again to Budget Paper 4, Volume 3, page 180. At the top it talks about South Australia having a mineral production and processing target of \$4 billion by 2014. Nyrstar is a significant part of mineral processing in South Australia and, thus, I ask the question: is the minister aware that the Nyrstar smelter at Port Pirie is the largest single train, lead smelter in the world; has he visited the facility; has he spoken to Glenn Poynter the general manager; and does he have an understanding of what impact a carbon tax will have on that particular smelter?

**The Hon. A. KOUTSANTONIS:** I understand that a number of South Australian industries are very anxious, fed by the fear campaign led by members opposite, about—

**Mr WILLIAMS:** No, they are anxious about a carbon tax which is going to destroy their business.

**The CHAIR:** Order! Member for MacKillop, you have asked a question which was entirely in order, thank you, and now we will hear the response from the minister.

**The Hon. A. KOUTSANTONIS:** That is the thing about the member for MacKillop. He claims that the carbon tax will destroy these industries—

**Mr WILLIAMS:** No, Nyrstar claims it. If you went there and—

**The CHAIR:** Order!

**Mr WILLIAMS:** —looked at their business, and talked to them—

**The CHAIR:** Order!

**Mr WILLIAMS:** —you would understand it.

**The CHAIR:** Order! Member for MacKillop, I repeat: you are wasting your own time, my time, that of the South Australian taxpayer. If you ask a question, it is basic courtesy to hear whatever response it may be, further than the four words that the minister has managed to get out.

**The Hon. A. KOUTSANTONIS:** Can I speak now?

**Mr WILLIAMS:** You can answer the question.

**The CHAIR:** No. Minister, you are responding to the question, so let us hear the response.

**The Hon. A. KOUTSANTONIS:** The member for MacKillop is saying that the carbon tax—and he has repeated it again—will destroy industries in South Australia. He does not know how much a carbon tax will be per tonne of carbon, yet he makes that assumption anyway. He has not seen the details of the carbon tax yet he runs around saying that a carbon tax will destroy industry. He has not seen the compensation package in place. He has not seen any of the details of the entire package, yet he tells everyone that the carbon tax will destroy their industries. I am not running around saying that the carbon tax will destroy their industries, the member for MacKillop is.

My point is, perhaps, just maybe, he would wait to see the details, he would wait to see what the rebate scheme will be, and he would wait to see what the impact is on these industries before he makes his assertions and tries to scare the living daylights out of everyone for his own personal political gain. The truth, the real story of today, is that the member for MacKillop thinks that climate change is not real. He thinks that carbon is not a problem. He thinks that carbon is fine and it should not be taxed.

**The CHAIR:** Point of order.

**Mr WILLIAMS:** This has nothing to do with the question. What I think or what I believe has nothing to do with the question. The question is about the impact of the carbon tax on this business. The minister has been sitting there going on about me telling somebody that it is going to destroy the business, going on about me making claims without having any detail, and he is the one who said he supports the carbon tax when he has no idea of the detail.

It is businesses like Nyrstar that are telling me that a carbon tax is going to destroy them, and they are very good at it. The minister, who is the minister for mineral resources in South Australia, should get out of the city and go to Port Pirie and talk to the people at Nyrstar, and he might learn something about the industry that he is administering.

**The CHAIR:** You do raise a point there, member for MacKillop, and I understand—

*Members interjecting:*

**The CHAIR:** Order, member for Chaffey, member for Croydon!

*Mr Whetstone interjecting:*

**The CHAIR:** Order, member for Chaffey! The eyeball rolling is so tedious. Member for MacKillop, you do make a point, and I suggest that, perhaps, we move onto another question.

**The Hon. A. KOUTSANTONIS:** I finish off by saying that the government is in constant contact with minister Ferguson regarding the impacts thereof—adverse or not—of a carbon tax; and we are, of course, lobbying on behalf of South Australian industries. We just do not do it for our own political gain.

**The CHAIR:** Okay, thank you, minister. I do suggest that we move onto another question.

**Mr WILLIAMS:** This is a very important question, Madam Chair. Thank you. Minister, are you aware that the smelting of lead is actually a chemical process, and that it does not matter where in the world you do it there is no such thing as a new technology that changes the way in which that chemical process works? If you want to produce lead, you actually produce carbon dioxide and it does not matter where you do it in the world.

The same thing applies for OneSteel in Whyalla. If you produce a tonne of steel, it does not matter where in the world you produce it, you produce 2.5 tonnes of which CO<sub>2</sub>. You are aware of this? Next time you are talking to Mr Ferguson ask him about it, because I know that he is aware of it because he actually talks to these businesses. Minister, when are you going to visit the Nyrstar plant at Port Pirie and when are you going to visit the OneSteel plant at Whyalla?

**The Hon. A. KOUTSANTONIS:** I have spoken with representatives of the industries and I understand their unique concerns and the unique nature of their business. We are lobbying behind the scenes with the commonwealth government to make sure that their specific interests are heard. We want to make sure that jobs are kept at Port Pirie and Whyalla.

As I said earlier in my small business section of estimates, the government has made a strategic decision that it is important that we have the ability to manufacture steel and process lead. We understand that there are certain concerns about the carbon emissions of those industries, and we are talking with minister Ferguson about that. I am not going to detail those discussions in the committee.

I am not going to go to those communities and try to scare them. I am not going to try to gain political ground by it, but I am working behind the scenes with the Premier and others to make sure that we speak to the federal government about the impacts, adverse or not. The member for MacKillop has not seen any compensation package at all, or rebate scheme or who is exempt or who is not under the carbon scheme, and I think that it is important that he wait rather than running around trying to scare the hell out of people.

**Mr WILLIAMS:** I have some omnibus questions. I know that they have already been read into the record. Is the minister happy to apply those same questions to this part of the budget?

**The Hon. A. KOUTSANTONIS:** Yes.

**Mr WILLIAMS:** If that is the case, I will ask another question. Minister, you have just been saying that I should wait for the detail of the carbon tax, so can you answer this question? You said that you supported a carbon tax. That means that you support a carbon tax irrespective of what level it is set at and irrespective of what the exemptions are, so do you support a carbon tax whatever?

**The Hon. A. KOUTSANTONIS:** I suppose that I could say to you: you oppose a carbon tax no matter what the costs to the environment. You do not support a carbon tax whether it is \$1 a tonne or whether it is \$20 a tonne—

**Mr WILLIAMS:** Can you answer the question, minister?

**The Hon. A. KOUTSANTONIS:** You do not support a carbon tax because you do not believe that climate change is real.

**Mr WILLIAMS:** Can you answer the question, minister?

**The CHAIR:** Order!

**The Hon. A. KOUTSANTONIS:** You're a dinosaur.

**The CHAIR:** Order!

**Mr WILLIAMS:** Can you answer the question, minister?

**The Hon. A. KOUTSANTONIS:** You're a dinosaur.

**The CHAIR:** Order, minister, member for MacKillop!

**The Hon. A. KOUTSANTONIS:** Yes, ma'am.

**The CHAIR:** Gentlemen, you are actually debating—

**The Hon. A. KOUTSANTONIS:** He's a dinosaur. That is why he got three votes. You're a dinosaur.

**The CHAIR:** Order!

**The Hon. A. KOUTSANTONIS:** Ma'am.

*Members interjecting:*

**The CHAIR:** Order! We are actually debating a federal so-called tax that has not even been introduced yet. We are in the South Australian legislature talking about the South Australian budget. We are not here to talk about what is going on in federal parliament about something that we have not even seen the details of, unless either one of you is a mind-reading clairvoyant. You are many things but you are not these things. Member for MacKillop, do you have another question?

**Mr WILLIAMS:** I have plenty of them.

**The CHAIR:** You can have one because it is nearly 12 o'clock.

**Mr WILLIAMS:** Minister, within your ministerial office, do you have departmental officers? I think they are often called liaison officers. Do you have departmental officers? Can you specify how many you have within your ministerial office and whether they are paid out of your ministerial office budget or paid from the department budget?

**The Hon. A. KOUTSANTONIS:** Are you talking about minerals resource development?

**Mr WILLIAMS:** Yes.

**The Hon. A. KOUTSANTONIS:** I will hand that over to the chief executive.

**Mr KNIGHT:** There is one officer paid by the department, and that is a ministerial liaison officer, as is always the case under government.

*[Sitting suspended from 12:00 to 13:02]*

**DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT, \$51,390,000**

**Membership:**

Mr Hamilton-Smith substituted for Mr Williams.

**Witness:**

The Hon. A. Koutsantonis, Minister for Mineral Resources Development, Minister for Industry and Trade, Minister for Small Business, Minister for Correctional Services.

**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 Financial Officer, Department of Trade and Economic Development.

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

**The CHAIR:** Good afternoon. This afternoon we have Trade and Economic Development. Estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. Changes to committee membership will be notified. If the minister undertakes to supply information at a later date, it must be supplied by Friday 30 September. There is a flexible approach to questions based on about three questions per member, alternating on each side.

There is no formal facility for the tabling of documents before the committee but documents can be supplied to the chair for distribution to the committee. Questions must go to the minister, not his advisers. I ask that all members who are asking questions give very clear indications of where they are in the budget papers.

This afternoon we have before us the Minister for Industry and Trade. I declare the proposed payments open for examination and refer members to the Agency Statement, Volume, 1, Part 2. Minister, would you like to introduce your staff and make an opening statement?

**The Hon. A. KOUTSANTONIS:** I would, but can I ask a point of clarification? Did we close the PIRSA lines, mineral resources development?

**The CHAIR:** Yes, we did. Would you like to reopen them?

**The Hon. A. KOUTSANTONIS:** No. This year has been one of both transition and success for DTED. There are keystone indicators which have hit all-time highs during the past year, and I think it is important that we reflect on the pathway to these successes and then look at what this government is doing to prepare us for the future. We are currently in the midst of a boom time in South Australia, and there are statistics supporting the South Australian story.

We have independent commentators talking about South Australia's success. Last year, the Economic Development Board updated its 2009 economic statement and reviewed our prospects in light of the smaller than expected impacts of the global financial crisis on our state. The EDB has incorporated revisions to major project sizes and schedules that occurred as a result of the global financial crisis. It forecasts annual gross domestic product growth of 3.4 per cent and annual employment growth of 1.7 per cent through to 2015-16.

However, it is not just the EDB showing confidence in South Australia—private businesses are, too. Private new capital expenditure reached an all-time high in the year to March 2011, 21 per cent higher than the previous year. This was almost double the nation's rise of 11 per cent.

The ABS, in its report for the December 2010 quarter, stated that business expectations are for investment spending to rise a further 21 per cent in 2011-12. People are moving here because business sees us as a good place to invest. This government is focusing on building a more prosperous economy and a brighter future for our children. We have come a long way from where we once were as a state.

South Australia was considered a rust bucket state and had come to rely on business welfare for economic growth and employment growth since the mid-1990s. The government is determined never again to fall into the trap of business welfare, of luring businesses here with the promise of government subsidies only for them to disappear when the inducements do not continue.

We are focused on getting our fundamentals right, and we are focused on reducing taxes on businesses. We are focused on creating the structures for Adelaide and for South Australia to be the most competitive city and state in Australia to do business. We have delivered \$168 million in net annual savings to business from the first phase of the councils' red tape reduction program, well ahead of the \$150 million target set by the government in 2006, and we are on target for the second \$150 million phase of that program.

The identified savings from initiatives have currently included in agency red tape reduction plans which are either fully or partially completed or are in the planning stage. Because this state and Adelaide are so competitive in comparison to other states we attract businesses to invest in major projects. Jane Kittel, Managing Director of BankSA, in the Australian *Financial Review* on 23 June 2011 comments:

I think we can be too tough on ourselves. I don't think we make enough of the fact that Adelaide is so competitive in terms of the ease of doing business.

The KPMG Competitive Alternative report in 2010 found Adelaide was the second least costly city in Australia in which to set up and do business, and lower than almost all the cities around the world.

Peter Vaughan, the Chief Executive of Business SA, states:

We've been accused in the past of being a rust belt state, but we are now starting to flex our muscles. In a few years we could be a jewel in the crown of the Asia-Pacific.

With a record \$80 billion in major projects underway or in the pipeline, I share the sentiments of Mr Vaughan. The range of projects indicates the depth and diversity of the South Australian economy, and the projects themselves provide unprecedented opportunities for South Australian industry and business. These new opportunities for South Australian companies translate into more jobs for South Australian families.

More people in paid employment means a stronger economy and prosperity for each and every South Australian. Clearly, the major drivers of these jobs will be mining and defence, but there are many other sectors which I am confident of seeing prosper. These include the services sector, cleantech and advanced manufacturing. I believe passionately that the Tonsley development will provide the perfect hub for the world's best practice in these industries. Add to this what I hope is a prosperous future for GM Holden, on the back of the launch of the new Cruze, and I am confident South Australia is poised for greatness.

I remember last year when the member for Waite was asking about the restructure of the Department of Trade and Economic Development. Now that the department has actually been restructured I feel it is best that I provide you with an update. While DTED has been substantially restructured, the department continues to carry on its core function of leveraging partnerships to attract investment, build industry capability to create value chains from major projects, and assist emerging industries to provide the state and regions with a sustainable competitive advantage.

I firmly believe that a more targeted approach to investment attraction, policy development and case management was, and continues to be, needed for South Australia to gain the most benefit from the \$80 billion in major projects underway or in the pipeline in South Australia. We are focused on developing partnerships with business, creating a competitive framework so that businesses can grow and further encouraging the development of major projects here in South Australia.

The economy is growing, the population is growing, employment is growing, and our exports are growing. I look forward to this continued growth in the years to come. I am happy to take your questions.

**Mr HAMILTON-SMITH:** I thank all staff for the effort they have put in to getting ready for today. I want to go straight to the issue of Tiger Airways. The minister mentioned in his opening remarks that the days of providing incentives and cash handouts to private companies were over and that the government had a completely new approach. Could he therefore explain to the committee how much in total the government has advanced to Tiger Airways or spent on attracting Tiger Airways to South Australia in the form of grants, loans or in kind support since Tiger Airways arrived in this state?

**The CHAIR:** Apologies, member for Waite. Could you give me the reference for that?

**Mr HAMILTON-SMITH:** Budget Paper 4, Volume 4, page 41.

**The Hon. A. KOUTSANTONIS:** I will make two points about Tiger Airways. One is that what CASA has decided to do is different from what has happened with the financial decisions that have been made in their head office, and I hope that people can distinguish between the two decisions.

In August 2008, Tiger Airways announced that it would establish its second Australian base in Adelaide—Tiger Airways was always headquartered in Melbourne. To facilitate this outcome the government offered Tiger Airways a financial assistance package conditional upon Tiger Airways initially basing two aircraft in Adelaide, and with further support—

**Mr HAMILTON-SMITH:** How many?

**The Hon. A. KOUTSANTONIS:** Two; this will all be in *Hansard* as well—requiring the eventual build-up to four aircraft based in Adelaide. Tiger Airways had a third plane based in Adelaide during part of 2010, but in August the company announced that it would be redeploying that plane back to Melbourne effective 10 November 2010, and would cease flying Adelaide to Brisbane and Adelaide to Gold Coast services on the same date.

On 30 May 2011, the South Australian government wrote to Tiger Airways expressing concerns that the company did not appear likely to meet its contractual arrangement requirements of the financial assistance package offered and accepted by it. Additionally, the South Australian government also requested data and information relating to Tiger Airways' operation in Adelaide.

Early in June, Tiger made announcements of the suspension of a number of services across its network. These changes were to take effect from 1 August 2011. Around the same time, Tiger Airways approached me regarding the obligations associated with the agreement with the South Australian government. I am advised that Tiger proposes to relocate the aircraft based in Adelaide to other airports as part of its network review.

While the implications of this decision are a matter for the Treasurer, I have recommended to the Treasurer that we seek repayment of funds advanced under the agreement to establish the Adelaide base.

**Mr HAMILTON-SMITH:** So, if I have heard you correctly, minister, you are announcing today that Tiger's base in Adelaide will be leaving?

**The Hon. A. KOUTSANTONIS:** I announced that on Friday.

**Mr HAMILTON-SMITH:** Can I get back to the question I asked, and that was: what was the total amount of money given to Tiger in the form of grants, loans or in kind support, which I do not think you covered in your reply? So, adding it all up, how much have we given Tiger?

**The Hon. A. KOUTSANTONIS:** I have an estimation and that is \$2.25 million that the department is responsible for.

**Mr HAMILTON-SMITH:** You have prime carriage of this overall project, so you must have overview of the total figure from government.

**The Hon. A. KOUTSANTONIS:** I don't want to mislead you. I understand there is a further \$900,000 or thereabouts but I don't have the exact figures with me and I don't speak for the department for tourism so those questions should be forwarded to the Attorney-General. The part that I oversee is the \$2.25 million and the Treasurer is responsible under SAFA for administering the grant agreement, I am advised.

**Mr HAMILTON-SMITH:** There is a bit of confusion here because I see, in the *Hansard* on 26 June 2009, treasurer Foley talking about having provided \$1.7 million to Tiger Airways and then I see there is another \$550,000 amount given to parliament in Estimates Committee A on 7 to 13 October 2010. We have two hours, so there is probably time for your officers to consider this and just check before estimates is over. Could I move on to a second question then?

**The Hon. A. KOUTSANTONIS:** I think you will find that those two figures add up to \$2.25 million.

**Mr HAMILTON-SMITH:** I am wanting to know what the Rann Labor government has invested in Tiger across the government. You have prime carriage of this because I think DTED conducted the initial negotiations, so DTED must have overview. In the interests of

transparency, DTED must know what the total figure is across the whole of government. You are just giving it to me from DTED. I want the whole figure.

**The Hon. A. KOUTSANTONIS:** As I announced on Friday, I expect to recoup the entire \$2.25 million, on the advice I have received, on the arrangements that DTED had in place as an incentive program for Tiger to be here and remain here. If they have breached that, we are entitled to get our \$2.25 million back. In terms of the other moneys paid by tourism, I would have to check and get back to you with a more considered answer which I will take on notice, but I understand that the Minister for Tourism is responsible for that and those payments have been made for services already rendered. Our contract is slightly different. Our contract, I understand, is for a period of time which Tiger have now said they cannot meet. Therefore we will receive all of our money back in full.

**Mr HAMILTON-SMITH:** All of the 2.25.

**The Hon. A. KOUTSANTONIS:** \$2.25 million.

**Mr HAMILTON-SMITH:** Earlier in the budget papers, the government indicated that it had attracted 120 people to South Australia as a consequence of the Tiger deal. I think you just mentioned there were two aircraft.

**The Hon. A. KOUTSANTONIS:** No; three, I think.

**Mr HAMILTON-SMITH:** Three at one stage.

**The Hon. A. KOUTSANTONIS:** I will check that answer. There were two at the moment pre the CASA decision and at one stage there were three, on the advice I have received. I read the answer out to you, and I want to make sure I do not conflict with that. We will give you the right advice, but my understanding is that we always had two aeroplanes here, and then a third plane was based in Adelaide during part of 2010, I am advised.

**Mr HAMILTON-SMITH:** To the best of your knowledge, the only money we have pitched at Tiger is your \$2.25 million and \$900,000 from Tourism?

**The Hon. A. KOUTSANTONIS:** That is the advice I have, yes. If that is incorrect, I will get back to you with a very swift answer correcting the record. My understanding is \$2.25 million from DTED and \$900,000 from Tourism. The contracts are very different.

**Mr HAMILTON-SMITH:** This is very important because someone in government must have had overview of the entire deal with Tiger, and I note you are saying, 'Go to another minister.' Those estimates are already over.

**The Hon. A. KOUTSANTONIS:** I am saying to you that I will get back to you in terms of the processes of this estimates about that \$900,000. I will confirm with him.

**Mr HAMILTON-SMITH:** Let me ask this, then: in order to attract Tiger Airways to South Australia, did the government pitch to the company in a written proposal called 'Case for Adelaide: Tiger Airways' signed off by Mr Raymond Garrand, your former CEO, the following initiatives:

- a \$10 million package over three years comprised of \$7 million in a support package directed to Tiger and \$3 million for airport infrastructure under a regional development infrastructure fund;
- a package to include tax relief, relocation assistance and start-up benefits for office accommodation and head office facilities;
- marketing incentives from the South Australian Tourism Commission, including an offer to purchase air tickets for distribution as special offers with Adelaide accommodation packages and dollar-for-dollar marketing support for Tiger marketing campaigns, and special links for Tiger Airways on SA government websites;
- financial assistance to Tiger Airways executives and their families to familiarise them with living in Adelaide, including payment of all on-ground costs in Adelaide for preview programs over a six-month period;
- infrastructure support under the Premises SA scheme to provide a package of land and buildings on attractive tenure arrangements;
- special access to regional development infrastructure to give preferential treatment to Tiger for expansion to regional South Australia;

- appointment of a special senior immigration consultant to assist Tiger Airways to bring overseas workers to support its operations here in Adelaide, including a dedicated immigration case management support function, throughout the term of Tiger's presence in South Australia, and the appointment of a senior account manager as a single dedicated point of contact for government; and
- special financial support for aviation training.

Did your government and your department, with prime carriage, offer those things to Tiger in the first place, and how many of those things actually formed part of the final agreement? Because, if they did, then the figure is more towards \$10 million, not \$2.25 million.

**The Hon. A. KOUTSANTONIS:** Okay, so you are suggesting that that may have been offered to Tiger Airways, based on a document you have received, or an FOI?

**Mr HAMILTON-SMITH:** Well, I am just asking you whether that document titled, 'The case for Adelaide: Tiger Airways' was originated by your department—

**The Hon. A. KOUTSANTONIS:** Okay, sure, what I will do is get a considered answer for you, because I was not minister at the time when that happened, but what I will say is this: everything you have just read out is not my understanding of the contract that was signed. I was not a party to any negotiations with Tiger, so I do not know whether that was a proposal from Tiger to government, to which government responded; I will have to check. But, I do know what was signed, and there were certainly no incentives offered that could add up to \$10 million, on the advice I have received.

**Mr ODENWALDER:** I refer the minister to Budget Paper 4, Volume 4, page 39. I wonder if the minister could inform the committee on innovative approaches the government is taking to provide trade and export support to business?

**The Hon. A. KOUTSANTONIS:** As a matter of fact, I can, and I thank the member for his question and his keen interest in the area of international trade. Before I answer the honourable member's question, I feel it is important to reflect on the most recent information with regard to exports.

The most recent data released on 2 June indicated that, in the 12 months to April 2011, there has been significant growth in exports from South Australia. In the 12 months to April 2011, goods exports grew by 35.5 per cent to \$10.7 billion, compared to the previous 12 months. This is the second largest state percentage growth, behind the resource-rich state of Western Australia.

The value of South Australia's services exports totalled \$2.1 billion in calendar year 2010, up 4.7 per cent on 2009, driven mostly by education-related services, which have now surpassed the \$1 billion mark. In the calendar year 2010, the total value of South Australian exports of all goods and services stood at \$11.4 billion, including \$9.3 billion for goods and \$2.1 billion for services.

However, the government is not happy with this level of growth. Achieving a record level of exports in the current climate of a high Australian dollar is an amazing feat; however, the government will not rest on its laurels. We think that there are mechanisms which we can employ to assist businesses in exploring overseas markets and provide targeted assistance to these businesses.

With only 1.7 per cent of South Australian business exporting, compared to the national figure of 1.9 per cent, there is plenty of capacity for globally minded businesses to expand and reap the advantage of being globally focused. That is why DTED has committed to working with Business SA to establish a trade unit to support small to medium-size enterprises integrate into the global economy. The unit will support SMEs in trade missions, trade education, language support and translation, business matching, and development of funding assistance proposals.

The initiative provides seed funding of \$500,000 in both 2011-12 and 2012-13 for these services. The aim of the model is to become self-funding and therefore not require further government assistance after this period. The trade unit in Business SA will work closely with DTED to achieve export outcomes. Negotiations are underway; however, Business SA's objective is to re-establish and launch a new trade unit which will:

- leverage Business SA's standing and connections within the South Australian business community to understand and deliver on the exporting and trade needs of all industries; and

- provide a comprehensive and substantial service to South Australian business in trade, predominantly in the export arena.

I believe this will make a real difference to businesses in South Australia and their engagement with the global environment. However, we are providing more direct support through the Gateway Business Program, which provides up to \$1 million per annum in assistance to small to medium-size businesses. The Gateway Business Program enables South Australian firms to prepare better for export markets and replaces the earlier Market Access Program, which was also aimed at SMEs.

The Gateway Business Program is a competitive grant with a stronger focus on ensuring that businesses are export-ready before they travel to international markets. The circumstances vary according to the opportunities open to and available for that particular business. The first round of applications closed on 15 March 2011, with 10 companies recommended to receive a grant. The second round of applications closed on 15 June 2011, and applications are currently being assessed.

As the South Australian economy continues to grow, I am confident that the service provided by DTED, and now by Business SA (which I understand is the oldest chamber of commerce in Australia; I will check that, but I think it is one of the oldest), will help business expand and prosper in the global market. What I am trying to do is get some people who have some real business experience to partner with DTED, and this has often been a call from members opposite, and probably rightly so, and Business SA has a greater level of expertise and contact with business. DTED is here to facilitate. This is a great partnership. I hope it works well.

**Mrs VLAHOS:** I will ask a question regarding business investment. Will the minister inform the committee about business investment in South Australia as it currently stands?

**The Hon. A. KOUTSANTONIS:** I thank the member for Taylor for this question and the opportunity to answer a question in relation to business investment, as I believe securing investment is and will continue to be a key role for DTED in years to come. According to the latest ABS statistics, private new capital expenditure in South Australia rose 20.7 per cent over the year to the March quarter 2011 in real trend terms. This is the highest rate of all mainland states and nearly double the national average of 11.2 per cent during the same period—a remarkable result for the people of South Australia.

Furthermore, state-based investment expectations data for this coming financial year is 21 per cent higher than the expectations for 2010-11. With over \$80 billion of major projects either underway or in the pipeline, investment in South Australia should grow significantly over the next few years. The ABS wider measure of business investment, which is published in the national accounts releases, shows the level of business investment in South Australia is increasing even though the national average is decreasing.

In the year to the December quarter 2010, business investment in South Australia was \$10.8 billion. This investment has been made possible by the policy decisions of this government to diversify this state's economy. This increased investment is thanks in part to the rapid increase in the development of mining projects and the winning of major defence contracts.

Another key element of our recent performance has been the success of the Investment Symposium and the Major Developments Directory. In 2010-11 the directory outlined a record of \$80 billion in major projects under construction or in the pipeline in South Australia. This is an \$8.5 billion increase compared to a year earlier and at least five times higher than in 2004 when the directory was first compiled.

The Major Developments Directory and the South Australian Investment Symposium program was part of the government's platform at the 2010-11 state election. This initiative continues to be fully funded—

**Mr HAMILTON-SMITH:** Point of order, Madam Chair. I think the minister is straying into debate. He is talking about the Labor Party's policies at the last election. He is talking about a range of issues that simply constitute debate. The minister's predecessor as minister for industry and trade allowed the opposition to ask questions and was not afraid to answer them, and did not have Dorothy Dixers.

This minister seems to be hiding behind Dorothy Dixers to offer debate when the opposition has probably four hours' worth of questions to ask the minister. I am asking, firstly, could you pull the minister up on debate? Secondly, I will appeal to the minister that if he is frank and fearless and wants to answer questions from the opposition, and does not want to hide behind

Dorothys, perhaps he would like to let us proceed, because we have more than enough to fill up the two hours.

**The CHAIR:** Member for Waite, I would point out that in the 31 minutes that we have been here you have had a considerable number of questions and the government has had, I think, one and a bit, so saying the minister is hiding behind questions is slightly—

**Mr HAMILTON-SMITH:** I think I have had three questions, Madam Chair.

**The CHAIR:** You had three questions, each of which—

**Mr HAMILTON-SMITH:** The rest was trying to clarify.

**The CHAIR:** Order! You had three questions, each of which had a phenomenal amount of sub-questions, one might say. If the minister would finish his response to the question from the member for Taylor I am sure we can then move on to some of your questions, member for Waite.

**The Hon. A. KOUTSANTONIS:** He is obviously getting very anxious, ma'am, to climb back to the top and prove himself in front of his mates. Good on you. I am impressed by it. I know what it's like to try to climb back, so I'm watching you. I've got money on you, Marty! I will say this: you did get more votes than Mitch, which is very impressive. Mitch couldn't get a vote, couldn't get a beer in a pub!

The launch of this publication was one of the highlights of the annual South Australian Investment Symposium. The 4th Annual South Australian Investment Symposium, hosted by the Premier, was held at the Adelaide Convention Centre on Friday, 26 November 2010. The symposium provided a platform for the state government to highlight the state's pro-business and investment environment, and to showcase investment opportunities to local and national businesses and business leaders in attendance.

The 2010 South Australian Investment Symposium attracted over 350 delegates and involved keynote speakers including Kevin Osborne, Deputy Chair of the Economic Development Board; Michael Workman, Economist, Commonwealth Bank; Jurgen Schneider, Regional Manager, SA/Victoria, Siemens; and Graeme Barty, Regional Director of the Americas, Austrade. The 2011 South Australian Investment Symposium is proposed to be held at the Adelaide Convention Centre on Thursday 1 December 2011.

I have received questions on notice from the member for Waite regarding the number of jobs created through the production of the Major Developments Directory and the symposium. As hard as it is for the member for Waite to swallow that the directory and symposium are about raising and reversing the perceptions of South Australia as a 'rust bucket state' that were prevalent through the 1990s under the previous Liberal government, the directory has focused on long-term sustainable economic growth. Highlighting projects that are already here and facilitating value chain propositions is a key way that the state can benefit from these projects.

The directory is not about short-term benefits; we would not expect that the directory itself produce jobs. Rather, it is about a national and international awareness of the turning tide in South Australia, the large increases in private new capital expenditure, the increases in mining exploration and the \$80 billion in major projects under development or in the pipeline. Can I just say, Madam Speaker, that the budget is an expression of the government's re-election.

**The CHAIR:** Thank you. Member for Waite.

**The Hon. A. KOUTSANTONIS:** Why don't you ask a question? You've got loads of questions; ask one.

**Mr HAMILTON-SMITH:** If you were a confident minister you would be quite happy to answer the opposition's questions and avoid Dorothy Dixers.

**The Hon. A. KOUTSANTONIS:** I am answering the questions.

**Mr HAMILTON-SMITH:** There is no need to hide behind—

**The CHAIR:** You have just been asked to ask a question.

**Mr HAMILTON-SMITH:** Well, let's get on with it.

*Mrs Vlahos interjecting:*

**The CHAIR:** Order, member for Taylor!

**Mr WHETSTONE:** We've got plenty of questions, don't you worry.

**The CHAIR:** Member for Chaffey! We have had two questions from the government.

**Mr HAMILTON-SMITH:** Okay, let us get on with it.

**The CHAIR:** We are actually waiting for a question from you.

**Mr HAMILTON-SMITH:** We are listening to you, Madam Chair, but if you will just let me ask the question, we will get on with it.

**The CHAIR:** Member for Waite, I do not like your tone.

**Mr HAMILTON-SMITH:** I may not like your tone, Madam Chair, with due respect.

**The CHAIR:** Yes, but I am in the chair and you are not.

**Mr HAMILTON-SMITH:** Well, you may be.

**The CHAIR:** I am, I think, unless one of us is delusional—

**Mr HAMILTON-SMITH:** Shall we get on with it?

**The CHAIR:** I am definitely sitting in this chair. Ask a question, member for Waite.

**Mr HAMILTON-SMITH:** Thank you very much. What grade are we in? Grade 3, 4 or 5?

**The CHAIR:** It is the grade that you actually reflect yourself.

**Mr HAMILTON-SMITH:** My question relates to Budget Paper 4, Volume 4, page 41, and I again appeal to the minister, he has all his senior staff here, there is time to check on the total government investment in Tiger. Will he confirm that the amount of millions that have been provided included the appointment of a senior immigration consultant to assist Tiger to bring overseas workers to fill the jobs that Tiger was contracted to provide, as was offered in the Labor government's proposition to Tiger Airways? Did that advance and proceed in any form?

**The Hon. A. KOUTSANTONIS:** On the advice I have received, no. I will check, but no. I have said to you that the total investment—on advice I have received from officers here, you have asked me to check and I have told you now three times—is \$2.25 million, and we estimate \$900,00 from tourism, but I have indicated to you that I will get back to you with an answer from tourism.

**Mr HAMILTON-SMITH:** Okay. Can I ask the minister on the same budget line, whether he can give us a break-up of what the \$2.25 million was spent on with Tiger; what were the component parts of the investment?

**The Hon. A. KOUTSANTONIS:** I have been advised that the \$2.25 million was for payment to receive the three aircraft and it was broken up into payments per aircraft. That will be recovered in full and it was \$2.25 million.

**Mr HAMILTON-SMITH:** Were any of the other things you offered—marketing incentives, financial assistance to families and executives to visit Adelaide, infrastructure support from an infrastructure fund—did any of those expenses form part of the \$2.25 million, or was it just a cash handover to Tiger Airways?

**The Hon. A. KOUTSANTONIS:** I understand the incentive program and the advice I have received was for planes based in Adelaide and, as the planes were based in Adelaide, they received incentive payments. That will be recouped in full. I have nothing before me that says we offered any other incentives. I cannot speak for the \$900,000 that was administered under tourism, but I have endeavoured to get back a detailed breakdown of how that \$900,000 was spent in the time frames allocated by the chairperson.

**Mr HAMILTON-SMITH:** Under the same budget paper and line, were the financial incentives offered to Tiger, predicated in your offer titled 'The case for Adelaide: Tiger Airways', at South Australia being a base for five A320 aircraft, 60 pilots, 90 crew and 15 head office personnel to be based in Adelaide—a total of 165 people? Why, too, did an earlier budget paper mention a figure of only 120 staff, and what target was actually met?

**The Hon. A. KOUTSANTONIS:** Like I said to you, I reject the premise of your question. I said to you that this case for Adelaide that you are quoting, on the advice that I have received, was not the contract that was entered into. The incentive package relied on us having four aircraft in total. We received three. That has now ended and we will be recouping all of our money. The thing that you are quoting from, on the advice I have, was not entered into by the government, so you

are asking me to answer questions about a hypothetical paper that may have been drafted by Tiger, for all I know.

**Mr HAMILTON-SMITH:** I am telling you what you offered—

**The Hon. A. KOUTSANTONIS:** No, you are not, and I would advise you to be careful about it because you are saying that I made an offer based on this thing called 'The case for Adelaide' which, to my best recollections, I have not seen. If you say that that was the contract signed, I would like to see some evidence of that.

**Mr HAMILTON-SMITH:** Well, 'you' being the government.

**The Hon. A. KOUTSANTONIS:** I have told you that it is not the case.

**Mr HAMILTON-SMITH:** Will you table that business case that the government put to Tiger Airways, titled 'The case for Adelaide: Tiger Airways' that was put out under the auspices of Ray Garrard, your former CEO?

**The Hon. A. KOUTSANTONIS:** First of all, you are making assumptions that, first, we based our recruitment of Tiger on that document; secondly, that that document was the contract that was entered into with the government—

**Mr HAMILTON-SMITH:** No, no. I am asking that.

**The Hon. A. KOUTSANTONIS:** Well, you are asking me to table a contract that has not been signed—

**Mr HAMILTON-SMITH:** No.

**The Hon. A. KOUTSANTONIS:** —and that was rejected.

**Mr HAMILTON-SMITH:** No. Let me explain to the minister.

**The Hon. A. KOUTSANTONIS:** Could you, please.

**Mr HAMILTON-SMITH:** I think that you are a bit confused. You made an offer to Tiger Airlines. I have given some details of what was in that offer. You obviously do not know. I do not know how effective the handover was with the former minister.

**The Hon. A. KOUTSANTONIS:** I just said to you that that contract was not signed.

**Mr HAMILTON-SMITH:** It is not a contract. It was not a contract: it was an offer you made. There has been some—

**The Hon. A. KOUTSANTONIS:** That was not the offer that was accepted.

**Mr HAMILTON-SMITH:** There has been some subsequent contract signed, and what I am trying to find out is what that was. You mentioned a figure of \$2.25 million, so I am really trying to get to whether or not the contract you signed (which seems to have been signed in secret) reflects the offer that was made. You are saying that it does not. You are saying that what was finally entered into was something different to the original offer. I am trying to get to the detail of what you actually signed up to in the end with Tiger, and my specific question was about the number of people Tiger committed to employ here.

In the initial offer, you sought from Tiger a commitment to 165. An earlier budget paper mentioned a figure of 120 staff. What I want to know is: how many Tiger staff eventually were employed here as part of the deal you signed or your government signed?

**The Hon. A. KOUTSANTONIS:** I start off by saying this: the member for Waite is making assumptions, and his assumptions are wrong. No matter how many times I tell him how much we committed and how much we are recouping, he continues on this path; so, I will endeavour to explain it to him one final time. The basis of projections for employment in South Australia was based on crew and work per aeroplane, which, I think, is 30 per aircraft. That was the basis of the employment details.

You are talking about immigration officers, and you are talking about other incentive programs the details of which, quite frankly I do not have with me and I do not know of them. It seems to me that, when you enter a negotiation, there are always ambit claims made. What is important is a final contract that was signed, and the final contract was for an incentive program of \$2.25 million, on the advice I received, and the government will recoup all of that.

There was a further program entered with the SA Tourism Commission, I understand on advice, that was for approximately \$900,000. I will get more information about that. I do not have the breakdown about how that was spent, but I can say this: the Department of Trade and Economic Development managed a contract which was valued at \$2.25 million. That will be recouped. The \$10 million contract that you are talking about was never entered into. It did not happen. I cannot make it—

**Mr HAMILTON-SMITH:** Well, it was a pitch.

**The Hon. A. KOUTSANTONIS:** It can be 'a pitch' all you like, but it was not the end result. It is like you won the ballot for deputy leader but did not end up being the deputy leader.

**Mr HAMILTON-SMITH:** Yes, fine, right. How many speeding fines was it—60 or 70? How fast were we going?

**The Hon. A. KOUTSANTONIS:** That is good.

**Mr HAMILTON-SMITH:** Let me put this to you: in Budget Paper 4, Volume 1—and this is the budget paper for 2009-10, which leads into this budget—you stated as an Achievement in program 5:

...securing Tiger Airways' second Australian base in Adelaide resulting in up to 120 new jobs in Adelaide for Tiger Airways pilot and cabin crew.

**The Hon. A. KOUTSANTONIS:** That is right.

**Mr HAMILTON-SMITH:** I am simply asking you how many of those jobs ultimately came to fruition: was it 120? Your budget paper said it was. Was that a truthful and accurate statement or was it wrong?

**The Hon. A. KOUTSANTONIS:** Before Tiger made its commercial decision to relinquish the incentive program that we gave it by removing aeroplanes, it was expected that it would be 30 per aeroplane based here. So, on four aeroplanes, that is 120. In terms of how many were achieved, I would have to get back to you, but I just say this one more time: every cent of that \$2.25 million that was given to Tiger we will recoup. That is what the contract states.

**Mr WHETSTONE:** You will ask them.

**The Hon. A. KOUTSANTONIS:** Are you saying that they won't pay?

**Mr WHETSTONE:** I am not saying anything. I am saying that you will ask for it.

**The Hon. A. KOUTSANTONIS:** Yes, that is what I am telling you. Well done! That is what we will be doing. I will be seeking to get that money back, absolutely.

**Mr HAMILTON-SMITH:** Can you give a commitment that Tiger Airlines will be refunding you that amount, or have they given you the cheque already?

**The Hon. A. KOUTSANTONIS:** The grant is administered under SAFA under the direction of the Treasurer. I have informed the Treasurer of the details of the contract and I am advised that he is at present attempting to recoup that money.

**Mr HAMILTON-SMITH:** He is intending to recoup it? Is there going to be a legal battle between Tiger and the government about this?

**The Hon. A. KOUTSANTONIS:** I am not aware of any argument from Tiger at this stage about their intention to pay that money back.

**Mr HAMILTON-SMITH:** So Tiger has not yet agreed to refund the money: it is just that the government's position is they want the money back?

**The Hon. A. KOUTSANTONIS:** No, Tiger has made me aware that they understand fully the implications of moving out and that they are going to have to repay the money. To date, I have not had any advice from them saying that they won't.

**Mr HAMILTON-SMITH:** So, the status of this claim that you will be getting the money back is that you have had a verbal assurance from Tiger that they think they may need to give the money back, or they will give the money back?

**The Hon. A. KOUTSANTONIS:** The agreement that Tiger entered into was an incentive program to bring aeroplanes to Adelaide based on payments that we make. Those aeroplanes have now been removed prematurely based on business decisions that they have made. We will recoup our money. If you want the date that we will recoup our money, I will get back to you.

**Mr ODENWALDER:** I refer the minister to Budget Paper 4, Volume 4, page 39. Could the minister provide us with an update on successes in the area of case management within his department?

**The Hon. A. KOUTSANTONIS:** I do have some very good examples which I would like to inform the committee of, because I think it is important that we celebrate the success of DTED rather than continually attacking the department. Over the last nine years there has been a strong case management focus within the Department of Trade and Economic Development. The case management approach to eligible projects ensures that government agencies respond promptly to any issues that arise during the approvals process, enabling projects to proceed to development as quickly as possible. DTED has provided, and continues to provide, case management services to 24 projects, representing in excess of \$2 billion in investment and 2,000 new jobs. These include:

- AGL Energy Ltd, for the \$8 million Energy Park at Torrens Island;
- Tungkillo Power Company, for the \$750 million Tepko gas-fired peaking power plant; and
- companies engaged in the proposed \$700 million wind farm (I will check that) in the Mid North.

Notably, in 2011, under this program, the nine hectare Como Glasshouse expansion was completed and commissioned, resulting in \$30 million in investment and 100 new jobs.

Case management is a free service to eligible projects, tailored to address the nature and complexity of specific projects including:

- providing advice in relation to government due process;
- brokering innovative solutions to address project issues;
- alerting project proponents to any challenges or potential impediments that need to be addressed in the early stages of the approvals processes;
- providing access to capable and competitive suppliers through the Industry Capability Network of South Australia; and
- facilitating timely decisions on necessary government approvals.

The department will continue to provide high quality case management services to ensure that the state maximises the benefits from projects of strategic and economic significance to the state.

The department does not publicly disclose the full list of case management projects due to the sensitivities of commercial-in-confidence discussions. However, with \$80 billion of major projects either approved or in the pipeline in South Australia, there is plenty of capacity for this whole-of-government approach. This also provides plenty of scope for supply chain development through local participation.

Through the ICN we are able to link local businesses with major projects. ICNSA provides an 'honest broker' role, linking investors seeking products and services with qualified local suppliers. It does not provide subsidies or promote cost penalties. The ICN has been operating in South Australia for 25 years and is supported by employer organisations such as the Ai Group and the unions. I congratulate the member for Waite on his bipartisan support for this initiative, because I know he was at the 25-year commemorations.

In the year to April 2011 ICNSA achieved \$134.88 million worth of contracts for South Australian suppliers. In 2009-10, as a result of ICNSA's activities and participation in the national network, SA industries secured a total of \$227 million in new business. The ICN will be critical in securing the maximum value and local industry involvement out of the \$80 billion of major projects under development which will benefit South Australian companies in the coming years.

ICN South Australia is engaged with the following public sector major projects: the new Royal Adelaide Hospital, the desalination project, Team Australia Automotive, SA Water's North-South Interconnection system project, South Road superway, Southern Expressway duplication, the Seaford rail extension, the rail electrification project, and the new electric railcars. ICNSA is also engaged with the following private sector major projects: BHP Olympic Dam expansion project, the air warfare destroyer project, the \$1 billion Arafura Resources rare earth processing plant, and the Land 121 defence project.

ICNSA is working with BHP and its engineering contractor, Jacobs Australia, to secure work for South Australian contractors. This activity has increased following the release of BHP's

supplementary EIS. The government takes its role seriously in making sure that major projects are well managed in this state, that the process is straightforward, and that proponents are fully aware of the approvals required.

This is not just important just for my portfolio areas, but this government is overwhelmingly in favour of economic development in this state. We are focused on making South Australia the best place to invest in Australia and ensuring local companies benefit from that investment. Ultimately, Olympic Dam is not just about the royalties. It is about the jobs, the families they sustain, the contractors, the electricians, the bakers, the people providing the food, doing the washing, the catering, and all those flow-on services that go with mining, with other projects—the air warfare destroyer project—all that.

We want to make sure that local companies are there, especially in terms of state infrastructure programs. This state is embarking on unprecedented infrastructure growth throughout South Australia, and I want to make sure—and I am sure all members want to make sure—that local companies get their piece of the pie. That is the important part—making sure that it works. However, ultimately we live in a competitive federation, and all Australian companies are entitled to tender and provide those services.

We are doing as much as we can to make sure that local contractors take advantage of the competitive advantages that they have, that they are based here and their transport costs are lower than other companies. We have to make sure that we get our competitive advantage through and that we case manage it well. Thank you for the question.

**Mr HAMILTON-SMITH:** I am still trying to get an answer to my last question about the exact number of staff that Tiger eventually moved to Adelaide.

**The Hon. A. KOUTSANTONIS:** Moved or employed?

**Mr HAMILTON-SMITH:** Well, employed, moved, whatever was in the deal that you have signed that we have not seen. Budget papers last year said 120 had been achieved. The offer that was made to attract Tiger here talked about 165. You just mentioned 30 people per aircraft, but we only got two to three aircraft. What was the number of people Tiger employed in Adelaide?

**The Hon. A. KOUTSANTONIS:** Let me get this straight: the opposition is saying that last year's budget papers said 120 jobs had been achieved?

**Mr HAMILTON-SMITH:** I can give you a copy of it, if you like.

**The Hon. A. KOUTSANTONIS:** Yes; that would be great, thanks.

**Mr HAMILTON-SMITH:** It is on page 2.18 of last year's budget, Program 5, Performance commentary. It states, 'Securing Tiger Airways' second Australian base in Adelaide, resulting in up to 120 new jobs in Adelaide for Tiger Airways' pilot and cabin crew.' So, 120 pilots and cabin crew.

**The Hon. A. KOUTSANTONIS:** That is what I thought. It was not that they had been secured: it was about attempting to secure 120, a target based on getting four aircraft with 30 staff per aircraft, like I told you earlier. What I will do for the member—because I know he is very curious about this—is approach Tiger and find out exactly what their employment component was. However, I will say this: they have breached the terms of their contract. They are in breach. They have not reached it, so the incentive program will be recouped in full.

**Mr HAMILTON-SMITH:** If the minister could come back to the committee. Would the minister be prepared—since his portfolio has prime carriage of this—to come back to the committee with the overall government spending on Tiger?

**The Hon. A. KOUTSANTONIS:** I have already committed that to you. I have committed to you that I will find out exactly the breakdown of our commitment and tourism's—three times now.

**Mr HAMILTON-SMITH:** Same budget line. Why is it that the government has chosen not to bring agreements like this, deals like this? You mentioned in your opening remarks that this government does not hand out cash anymore to private companies to attract them here. That was a failed policy of the previous government, you say.

**The Hon. A. KOUTSANTONIS:** It was.

**Mr HAMILTON-SMITH:** Yet this seems to be a case of you doing exactly that, throwing cash at Tiger Airways to attract them here in what now looks like a questionable investment given the problems they have.

**The Hon. A. KOUTSANTONIS:** One fundamental difference in the proposition that you make is that we are going to get our money back. SAFA has been excellent in getting us our money back. On the advice that I have, all of our contracts are based on recouping that money, or they are one-off grants. If we offer incentive programs and they are not met then we want our money back. I wish the same could be said about the previous government. I am not saying that you were a party to that, I am just saying to you that that practice has to change.

**Mr HAMILTON-SMITH:** Interesting.

**The Hon. A. KOUTSANTONIS:** Do you want to talk about IDC?

**Mr HAMILTON-SMITH:** What I want to know is why you have signed these arrangements in secret when we have an Industry Development Committee in the parliament whose job it is, and that the Labor Party insisted should be done when it was opposition, for both government and opposition to go behind closed doors in confidence to consider these matters, yet it has not met for six years. Your government has not been referring such agreements for approval, as required. We then find out, when the project goes belly-up, as arguably is at risk in this case, that taxpayers have put all these millions into a questionable venture. Why did it not go to the Industry Development Committee?

**The Hon. A. KOUTSANTONIS:** I was not the minister at the time of this.

**Mr HAMILTON-SMITH:** I accept that.

**The Hon. A. KOUTSANTONIS:** So, I do not know what the thinking of the then minister was, but I can give you some insight into probably why it was not. The first is that, on the advice I have received, SAFA administer the incentive programs, so it will be recouping all of the moneys. I want to reinforce that: no taxpayers' money, on the advice that I have received, from the \$2.25 million that we have offered, will be lost. They have not met their obligations and so they will be paying that money back.

If that is not right then I will come back to the house in question time and correct that, but on the advice I have right here and now and in dealing with Tiger up until now, it understands its commitment, it understands that it has breached the contract, it accepts the consequences of breaching that contract and it understands that that payment must be paid back. I will get back to the house when that payment is paid back and I will update the house regularly on negotiations with Tiger.

In terms of the IDC, just for members of the house, its main role was to investigate and report on matters related to industries referred to the committee by the Treasurer. The Treasurer has delegated those powers on referral to the IDC to me as the industry and trade minister. Under the act the functions of the committee are:

(a) to investigate and report upon such matters relating to assistance to industry as are referred to the Committee by the Treasurer; and

(b) to perform such other functions and duties as are imposed upon the Committee under this Act.

There have been some claims about the IDC which I want to correct on the record. Claims that until 2005 all government financial assistance to industry was scrutinised by the IDC are incorrect. Claims that referral to the IDC is mandatory for financial assistance being provided are incorrect. The minister is under no statutory obligation to refer offers of financial assistance to the IDC that have not been provided under the act.

It is only mandatory where a guarantee is to be provided either in relation to the repayment of a loan or in respect of any liability being given under the act. It is only then mandatory to refer to the IDC in accordance with section 14 of the act. A search of the records for the period since November 2005 has not revealed any instances of guarantees provided either by the Treasurer or the Minister for Industry and Trade for the relevant Industries Development Act.

The Treasurer's guarantee and indemnity relating to development of the Western Stand at the Adelaide Oval was provided under another act, the Public Finance and Audit Act. Consistent with the requirements of the Industries Development Act 1941, all loans and other liabilities involving guarantees will continue to be referred to the IDC.

Finally, I point out to the committee that the IDC is a subcommittee of the Economic and Finance Committee, of which I previously presided over and now the member for Lee is in the chair. This committee has, over this period, met between 10 and 20 times a year. The Economic and Finance Committee continues to scrutinise key economic projects in South Australia.

I understand the member for Waite's interest in this because I think it is important that government assistance be bipartisan. When we do use the guarantee I think it is important that we use the IDC, but governments have to be nimble, they have to be able to move quickly. There is no question that these guarantees are not being scrutinised. Ultimately, there is the Auditor-General. Ultimately, there is the estimates process. Ultimately, there is parliament. It is not a matter of the minister writing a cheque and no-one knowing about it. However, I agree: I would like to see more bipartisanship in terms of industry assistance, and I will endeavour to send more to the IDC.

**Mr HAMILTON-SMITH:** Can I just move on to another loan agreement that the government signed with Bianco, and I refer to Budget Paper 4, Volume 4, page 51. Everyone is distressed and feels for the Bianco company and its employees at this difficult time, but why did the government decide to use the strategic industry development fund for the purpose of negotiating a loan of \$400,000 for Bianco? Was that the right use of the strategic industry development fund? Again, why would you not bring something like that to the Industry Development Committee? You may have partly answered that question with your earlier answer but, as a matter of principle, why would you not bring something like that to the Industry Development Committee so that there could be bipartisan sign-off?

**The Hon. A. KOUTSANTONIS:** First of all, I accept that what the member is saying is not that we should not have helped Bianco's but about the method in which we attempted to help Bianco's. He is questioning the budget line within government. I think it is strategic development investment. I was trying to hold off the banks while Mr Bianco secured his international investment, which would have developed further Bianco steel manufacturing, steel fabrication and probably increased the state's capacity in that area.

Unfortunately for Mr Bianco, that has fallen through, but I want to make this point to the committee and publicly: there are 150 jobs at stake here. We should not be talking down Bianco's too much. There is still a chance that it could be an ongoing concern. It is still a viable business. Unfortunately for Mr Bianco, he overextended himself. He overcapitalised, and he had some problems with creditors, suppliers and customers.

I was ready to stand with him and, indeed, he rang me this morning and left a message on my phone thanking me for my help and the government's assistance. He is a great South Australian but, unfortunately, I am not going to risk taxpayers' funds bailing out Mr Bianco to the tune of \$60 million to pay his creditors and hope that one day he pays us back. I am not saying that you asked me to do that. I am just making a point to the committee that I was prepared to keep the banks at bay while he was able to have time to refinance.

I think it was strategic use of that fund. It was a way that the government could react quickly. The money was at our disposal. It is checked regularly by the Auditor-General when he does his audits in relation to how that money was spent. He could have made adverse comment if he thought it was not an appropriate use of the fund. I thought it was a very good use of the fund but, unfortunately for us, we ran out of time.

**Mr HAMILTON-SMITH:** Have any other moneys been advanced to the Bianco group since 2002?

**The Hon. A. KOUTSANTONIS:** I would need to check, but not that I am aware of. We may have, but I will get to the department and check and get back to you.

**Mr HAMILTON-SMITH:** Just on this broader issue of grants, still referring to Budget Paper 4, Volume 4, page 51, and on expenses generally, has the government committed funds to any of the following organisations; if so, how much, under what terms and are there any loans at risk? I would just like to run through a few of them: Digislide, aiAutomotive, any airline other than Tiger airlines, the Arrowcrest Group, Bridgestone, General Motors, and Deepak Fertilisers.

**The Hon. A. KOUTSANTONIS:** From memory, there has been no cash given to Deepak Fertilisers, but I will check. I also want to make a brief statement before I answer the question. I do not want anyone, based on that question, to think that any of those groups may be in any financial difficulty. You are not asserting that, are you?

**Mr HAMILTON-SMITH:** No, I am just asking whether you—

**The Hon. A. KOUTSANTONIS:** No, good. So, what I will do is—

**Mr HAMILTON-SMITH:** I would like to know the answer—if you have made an investment.

**The Hon. A. KOUTSANTONIS:** If you want to move on, I will get back to that later on.

**Mr HAMILTON-SMITH:** We will come back to that one when you are ready. This is a related question, and I refer to Budget Paper 4, Volume 4, page 51: are there any other companies or organisations that have received grants in funding under DTED control, and are any of those lines at risk?

**The Hon. A. KOUTSANTONIS:** You want me to detail companies that are at risk?

**Mr HAMILTON-SMITH:** I really want to know if any of the taxpayers' money is at risk.

**The Hon. A. KOUTSANTONIS:** Okay, well—

**Mr HAMILTON-SMITH:** Right? I am not interested in the companies, but if we have invested—

**The Hon. A. KOUTSANTONIS:** You have just asked me to list a group of companies. I think you have to be very careful here. People need to have faith that they can come to the government discreetly and say, 'We employ X number of people; do you think it is strategic to invest in South Australia? Is it important that we remain here? Can you assist us?' They have to be able to come to us without it being debated on the floor of the House of Assembly.

I am happy to provide information, as we are required to under the act, but what I am not going to do is speculate on which companies are in trouble and which ones are not. The government signs contracts either as grants—as gifts—or as contracts that are able to be reimbursed if that contract is not met. We are not in the business of giving money away unless it is strategic.

I am not going to sit here and detail which companies I think are in trouble, because that could have an adverse impact on those companies, and it is unfair. And, quite frankly, if ever you are the minister, I would not expect you to do so either, because those companies and those workers have the right to know that their management can come to the government, or a financier, or a bank, and say, 'We are in trouble. This is why we are in trouble; give us assistance to last a period of time,' without it becoming public knowledge, so—

**Mr HAMILTON-SMITH:** Yes, okay.

**The Hon. A. KOUTSANTONIS:** —no, I am not going to answer that question.

**Mr HAMILTON-SMITH:** I refer to the same budget line, then—

**The Hon. A. KOUTSANTONIS:** Or even worse, they might not be in trouble until they get asked that question before the house.

**Mr HAMILTON-SMITH:** Okay. Do you accept that if the government continues to sign loans, grants, and these agreements in secret, without sharing them with the opposition and opening them to scrutiny through the Industries Development Committee, does the minister accept that, if you leave the only option open for questions to be asked—which you offered up yourself a moment ago; estimates, the floor of the house—if this is the only way that we can get the answers because you are not bringing these secret agreements to the Industries Development Committee, aren't you and your government creating the problem?

If these proposals came to the Industries Development Committee, they could be scrutinised in confidence, behind closed doors, and there could be some level of scrutiny, because our job is to protect the taxpayers' money. If the government is making investments in companies that are putting the taxpayers' money at risk the public have a right to know; that is what the openness of parliament is all about.

**The Hon. A. KOUTSANTONIS:** Sure.

**Mr HAMILTON-SMITH:** These questions I am asking; these are the questions the taxpayers expect us to ask. It is their tax money—

**The Hon. A. KOUTSANTONIS:** That is right.

**Mr HAMILTON-SMITH:** —not ours.

**The Hon. A. KOUTSANTONIS:** That is right.

**Mr HAMILTON-SMITH:** So we will not be put off by some claim of, you know, 'Don't ask us questions about whether we have put millions of dollars into companies that might be going belly up and will lose the money.' That is our job. So, I get back to the point—I do not know whether you have had time to consider those—

**The Hon. A. KOUTSANTONIS:** I have; can I answer now, or do you want to—

**Mr HAMILTON-SMITH:** Yes, go right ahead.

**The Hon. A. KOUTSANTONIS:** I disagree completely with the member for Waite. I think his remarks are irresponsible, and this is why I think they are irresponsible. The arrogance of the opposition to think that they are the only arbiters of good government is wrong. There is the Auditor-General—they completely ignore his role. I mean, that is probably why the Auditor-General had to seek protection from the former government in this house. Secondly, there is a budget process, and, thirdly, there are obviously the government's own financial management procedures in place.

I am happy to detail to the opposition, as we do regularly, how these monies are paid, but in the same inference with Bianco, what I think the member is trying to imply is: if you give a loan under this line, are those companies in trouble? Well, I will not say which companies I think are in trouble, but I will detail government assistance as we give it out. What I will not do is, while we are negotiating with a company to give them a rescue package, or the capital to see them through a bad time of trading, because we think it is of strategic importance—I will do that after it has been completed, but I will not do it beforehand.

I will tell you what else I will not do: I will not risk a company's long-term viability by making them a political football. You have never seen me in the house get up and say, 'We have just granted this company this much money to save all these jobs.' We do not do that, because we want to make sure of the long-term viability. Now, if I have done that, I apologise, but I do not think I have. We have given: \$3.4 million for a Holden safety enhancement program; a \$3 million loan to aiAutomotive, matched by the commonwealth; \$833,000 to AutoCRC for various projects; and a number of automotive suppliers have either consolidated, restructured or implemented training for workers during production down time or invested in new technologies.

We have also given \$30 million to General Motors for its new small car, the Cruze, and \$5 million for labour adjustment following the downsizing of vehicle manufacturing operations in recent years. I understand Arrowcrest received \$200,000, on advice, for its preparation of an anti-dumping case. I will get back to you about Digislide in the relevant time frame set by the committee. Deepak has received no moneys. I want to make this point: in no way should it be considered that these grants indicate that these parties or industries are in any financial trouble whatsoever.

**Mr HAMILTON-SMITH:** Still on this subject and this same reference, how many funds is DTED operating from which grants or loans are being made? Let me explain: we are aware of the industry assistance fund operated by DTED, the South Australia Innovation and Investment Fund and the Strategic Industry Development Fund. There is another fund that has been mentioned in budget papers called the aviation attraction investment fund. How many other funds are there, other than those I have mentioned, what amount of money is in each fund, and how many grants have you approved for each fund?

**The Hon. A. KOUTSANTONIS:** I do not have all that detail at hand, but I will get you a considered answer. I will take that on notice.

**Mr HAMILTON-SMITH:** Would you be able to at least tell us whether there are any more funds, other than the ones I listed?

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

**Mr HAMILTON-SMITH:** For each fund, just to be specific, could you answer how many grants have been made, to whom have they been made and what quantum has been provided to each successful applicant?

**The Hon. A. KOUTSANTONIS:** Yes.

**Mr HAMILTON-SMITH:** The advice you have given the committee about why projects do not need to come to the Industries Development Committee—and you have read some of that into *Hansard*—is, I understand, based on crown law advice.

**The Hon. A. KOUTSANTONIS:** That is where the government gets its advice from, yes.

**Mr HAMILTON-SMITH:** Will you table that crown law advice, or a summary of it, other than what you have given into *Hansard*, so that an independent review can occur, because other legal opinion may not concur?

**The Hon. A. KOUTSANTONIS:** That is not the first time that crown law and other legal opinion do not concur, but the government takes its advice from the Crown. When you were a minister you took your advice from the Crown and, when you were a minister, you never tabled Crown advice. That is just the way government works. You know the rules, we know the rules, that is how it works. Government has to be able to get advice from its lawyers and rely on that advice. If the member for Waite wants to end hundreds of years of tradition, he can do so when he is a minister.

**Mr HAMILTON-SMITH:** Moving on to overseas trade offices and activities, I refer to Budget Paper 4, Volume 4, page 40. Has the government sacked or terminated Mr Ken Xu, who has been the head of our mission in China for the past 16 years? If so, what are the terms of Mr Xu's termination, what will be the cost and are there any unresolved matters in connection with his removal from the position?

**The Hon. A. KOUTSANTONIS:** I can advise the committee that Mr Ken Xu was the South Australian government commercial representative in China, and his employment contract was last renewed in 2008; it expired on 30 June 2011. The government is currently conducting an independent merit-based selection process to appoint a new commercial representative in China. The new representative, once appointed, will maximise economic benefits to South Australia, including through investment, trade, and business migration through the state's relationship with China. The government likes to freshen up every now and then. It was not that he was sacked; the contract was not renewed.

**Mr HAMILTON-SMITH:** Was there any termination payment, or are there any separation issues?

**The Hon. A. KOUTSANTONIS:** The advice I am receiving is that there were no termination payments made available to Mr Ken Xu. I will say this, though: China has a very different approach from the way foreign governments run offices, so it is quite a complex process.

**Mr HAMILTON-SMITH:** Could you tell the committee, minister, what the budget will be—

**The Hon. A. KOUTSANTONIS:** I will just add to that: there is no severance; he has been paid all his accrued entitlements, on the advice I have received, but I understand that there is no penalty for termination. There is no termination—

**Mr HAMILTON-SMITH:** I am just interested in what budget will be provided for our trade office functions in China over the estimates period and what our plans for the future are. Have there been any other terminations or hirings? Will we be leaving things as they are, or are we expanding or contracting? What are our plans for the future, and how are we measuring the results? Particularly, how much are we going to spend over the estimates period on our operations in China?

**The Hon. A. KOUTSANTONIS:** In terms of our presence there, it is roughly \$810,000, and that does not include missions that we fly backwards and forwards to China. I did say to you earlier that we are conducting an independent merit-based selection process to appoint a new commercial representative in China, and the government is in negotiations with other organisations about an approach in China.

I think it is important that, whenever a government has a strategy towards another country in terms of exports, tourism or whatever it might be, you freshen it up every now and then. Often what happens is conservatism creeps in, 'It was done a certain way for the last decade, so we won't change it.' I think it is always important to refocus, but I will get all those details to you.

**Mr HAMILTON-SMITH:** What is the intended remuneration package for the head of our mission or the head of our trade office in China as part of this review—roughly, if not precisely?

**The Hon. A. KOUTSANTONIS:** I am not going to give you an approximate figure, but we are in negotiations. When that is finalised, of course I will let you know.

**Mr HAMILTON-SMITH:** Moving on in the same budget line to our India office, what is the budget of our trade office functions in India over the estimates period? How many people will we have working for us in India, and how are we measuring results?

**The Hon. A. KOUTSANTONIS:** The current budget for the Indian office, I am advised, is \$666,000.

**Mr HAMILTON-SMITH:** So it is about 800-something in China and about 600 in India.

**The Hon. A. KOUTSANTONIS:** That is just for wages and the office; it is not the total.

**Mr HAMILTON-SMITH:** I am really looking at what our total investment is in China and India, in total.

**The Hon. A. KOUTSANTONIS:** Are you talking about missions we fly there?

**Mr HAMILTON-SMITH:** Yes, everything.

**The Hon. A. KOUTSANTONIS:** I have to get a considered answer to you because that is going to include airfares, accommodation, employment of—

**Mr HAMILTON-SMITH:** No, only for our people in China, for the maintenance of our offices.

**The Hon. A. KOUTSANTONIS:** I have just told you: the maintenance of those offices is \$666,000 in India and \$810,000 in China.

**Mr HAMILTON-SMITH:** Would that \$810,000 in India include the \$340,000 remuneration package for Mr A.K. Tareen that was resolved in parliament last year; is that part of it?

**The Hon. A. KOUTSANTONIS:** Did you say \$810,000 for India?

**Mr HAMILTON-SMITH:** I think you mentioned \$660,000 in India.

**The Hon. A. KOUTSANTONIS:** Yes.

**Mr HAMILTON-SMITH:** Does that include the \$340,000 remuneration package, roughly, for Mr Tareen, or is that on top?

**The Hon. A. KOUTSANTONIS:** Yes it does.

**Mr HAMILTON-SMITH:** Right, so that is more than half of the budget.

**The Hon. A. KOUTSANTONIS:** A lot more than you and me get.

**Mr HAMILTON-SMITH:** You and I should go to India, minister.

**The Hon. A. KOUTSANTONIS:** No, we want you right here. We are not sending you anywhere.

**Mr HAMILTON-SMITH:** So, more than half the budget in India goes to Mr Tareen?

**The Hon. A. KOUTSANTONIS:** More than half, yes.

**Mr HAMILTON-SMITH:** What is the total of our investment in maintaining our Agent-General's office in London?

**The Hon. A. KOUTSANTONIS:** I do not administer those; they are administered by the Premier, I think.

**Mr HAMILTON-SMITH:** So, you do not provide any funding in the trade?

**The Hon. A. KOUTSANTONIS:** Traditionally, in my experience, premiers enjoy appointing agents-general, so they keep that in DPC.

**Mr HAMILTON-SMITH:** Yes, remember senator Gair, I think it was.

**The Hon. A. KOUTSANTONIS:** Dean Brown told me a funny story about that.

**Mr HAMILTON-SMITH:** What other overseas trade offices are we funding, and what are we spending in other representations in other countries? Where are they?

**The Hon. A. KOUTSANTONIS:** The South Australian government has commercial offices in strategic overseas markets, providing on-the-ground support for the South Australian government and its international activities. Commercial offices are located in Shanghai and Jinan, China; Hong Kong, China; Chennai, India; Singapore and Malaysia; Dubai; Santiago; and Ho Chi Minh City.

The Hong Kong, Chile and Vietnam offices' services are delivered through a service agreement with the Australian Trade Commission. The SA representative in these offices is known as the SA Business Development Manager. In November 2010, Austrade, with the states, determined that state business development managers (as per Vietnam, Hong Kong and Chile) could no longer carry out investment work. This delayed the movement of the anticipated changes to the South Australian representative offices.

While DTED staff have been working with Austrade to attempt to reverse this decision, efforts have been made to ensure reduced costs across the offices to accommodate the cost reductions that would have occurred if we had been able to transfer two additional offices to Austrade.

The senior person in the standalone offices is referred to as the SA Government Commercial Representative, although some use other titles that are more appropriate to local culture. Overseas commercial offices deliver trade outcomes by facilitating strategic relationships with foreign governments and business entities; identifying and developing export opportunities for South Australian exporters and promoting South Australia as an investment, education and migration destination.

Now we are restructuring the office network, reducing the total cost to below \$3 million in 2010-11, with further reductions in 2011-12. Downsizing has occurred in Singapore and Dubai. The budget allocated for those offices in 2011-12 has been reduced by \$205,000 (48.23 per cent) and \$100,000 (31.25 per cent) respectively from the previous year's original budget. Upon the expiry of current contracts, some of the state's overseas offices will be restructured to more effectively build on our collocation in key markets with Austrade.

Reporting on the overseas operations in the annual report has not changed since the 2000-01 financial year. All consultancies are disclosed in detail in the appendices to the annual report, with a summary contained in the financial statements. Contractors and office expenses continue to be disclosed within the statement of comprehensive income (previously statement of financial performance). The notes to the financial statement also continue to disclose for each standalone office, total operating expenses, operating revenue and funds advanced. There has been no diminution of disclosure in relation to overseas offices.

The amount of \$300,000 has been allocated in the 2011-12 budget to support trade activities associated with DTED's trade strategy. Activities are expected to include the Overseas Representative's Conference in Adelaide, buyers missions, and project and sponsorships with strategic allies to promote South Australian exports. Net budget and actuals for the overseas office network are: Dubai is \$220,000; India, \$666,000; Shanghai \$810,000 (including Jinan); Singapore, \$220,000; Chile, \$220,000; Hong Kong, \$220,000; Vietnam, \$220,000; and the Austrade Office Strategy, \$300,000, totalling \$2.876 million. That is it.

**Mr HAMILTON-SMITH:** What do we have in Dubai now? You said that it is downscaled. What have we left in the UAE?

**The Hon. A. KOUTSANTONIS:** We have Ms Janine Haslam. She is the South Australian commercial representative. The Dubai special envoy is Mr Nick Alister-Jones whose contract ends September 2011.

**Mr HAMILTON-SMITH:** His contract ends in September 2011?

**The Hon. A. KOUTSANTONIS:** Yes.

**Mr HAMILTON-SMITH:** Did we spend any money (same budget line) related to proposals for an MOU with the French island of La Réunion? You might remember the French festival and the visitation we had from officials—I think that it was one of Mr Sassinelli's projects following on from his earlier successes.

**The Hon. A. KOUTSANTONIS:** The advice I have received from both my chief executive and deputy chief executive is non.

**Mr HAMILTON-SMITH:** We spent not a single dollar?

**The Hon. A. KOUTSANTONIS:** Of DTED money?

**Mr HAMILTON-SMITH:** The government as a whole.

**The Hon. A. KOUTSANTONIS:** The government as a whole—I will have to get a considered answer back to you.

**Mr HAMILTON-SMITH:** DTED money, zero?

**The Hon. A. KOUTSANTONIS:** Non.

**Mr HAMILTON-SMITH:** We were not silly enough to follow any ferrets down holes, no. I have an excellent question. This one is particularly good, minister.

**The Hon. A. KOUTSANTONIS:** I am glad you think so.

**Mr HAMILTON-SMITH:** Has the government had a chance to read the opposition's excellent discussion paper titled South Australia's Trade with China, which we released in June and which examines recent opportunities for our trade engagement with China, will the government be including these ideas in its forthcoming policy paper on China and when will we see the light of day for that policy paper I understand you are working on?

**The Hon. A. KOUTSANTONIS:** I will say this: by and large the opposition has no policies other than what the member for Waite comes up with, and I want to applaud him. He brings shame upon his colleagues who sit in the shadows, waiting to be elected in 2014. He has been proactive. He does not believe in this small-target rubbish. He is out there with a big target. I, of course—

**Mr HAMILTON-SMITH:** I gather that you have read the China paper?

**The Hon. A. KOUTSANTONIS:** Immediately after I put Tia to bed I go online and read Liberal Party websites and go through all your policies. Trust me, I do.

**Mr HAMILTON-SMITH:** You probably do, actually.

**The Hon. A. KOUTSANTONIS:** I do, yes.

**Mr HAMILTON-SMITH:** Alright, I am not going to get an answer then. Please feel free to use it. It is an excellent piece of work. I just thought I would throw that in there. I could not leave the estimates period without asking you a question about Puglia. I refer to Budget Paper 4, Volume 4. Could you just tell us what the current status is of any investments or spending in Puglia, and what funding is to be provided over the estimates period for any activities in Puglia, particularly Fiera del Levante? Have we cut and run or are we still—

**The Hon. A. KOUTSANTONIS:** Advance to the rear? Happily, the recent review into South Australia's relationship with Italy, including the Puglia region, has indicated that there have been substantial positive outcomes in the area of higher education, research and collaboration. However, in light of a change of focus and current budget constraints, the funding and management for the Fiera del Levante has been transferred to the Department of the Premier and Cabinet. I ask that you forward all questions and concerns about the Fiera to the Premier.

**Mr HAMILTON-SMITH:** I thought that you would tell me that. Just moving on, the committee was told last year that DTED is funding a position in the union movement out of DTED funding, and that, at that time, that position was located in and retained within the union. Could you update the committee on DTED spending in maintaining any positions within the union movement, what they do and where they are?

**The Hon. A. KOUTSANTONIS:** Sure, absolutely. I just add something about the Fiera. We have tried to leverage the Fiera del Levante and our very rich Italian culture to build links in education, research, culture and emerging industries, and tourism and migration, all with the support of the local Italian chamber of commerce. Our MOU with Apulia aims to promote collaboration in the development of long-term cooperation in key sectors such as scientific research and development, education, tourism, culture and trade. So there have been some very important breakthroughs in Puglia.

In 2009-10, the state government approved \$200,000, GST excluded, to the Australian Manufacturers Workers Union to fund the appointment of a research officer in 2009-10 and 2010-11. This resource is critical to ensuring the effective participation and input from the unions on the future development of the manufacturing sector in South Australia. I think it is important that we talk with the workers about where they see manufacturing going in the future. The state government also provided funding of \$50,000 in 2010-11 to the Ai Group to support the employment of an industry liaison officer to promote the uptake of industry improvement activities and opportunities for diversification into growth industries.

In relation to the AMWU, in 2009-10 the research officer contributed research and advice to the Manufacturing Consultative Council specifically related to global opportunities in the mining and resources sector and on proposed changes to the Industry Participation Policy. In 2010-11, the AMWU provided input for the Manufacturing Consultative Council's workings to understand the magnitude and opportunities that are likely to emanate from the Olympic Dam expansion project via two reports, entitled Supplying BHP: Australian Industry and the Olympic Dam Redevelopment, and Supplying the Global Mining and Resources Sector.

The AMWU also provided a report, entitled Global Supply Chains and SA Industry, focusing on the export performance of the state's manufacturing sector over the last decade. Not surprisingly, the report highlighted the significant growth of the minerals and refined metals sector,

which in the five years to 2009-10 increased 40 per cent to \$2.9 billion. The AMWU has also been a key contributor to the department's review of the state's Industry Participation Policy and in 2011-12 is expected to contribute to the development of a state manufacturing strategy.

A summary of DTED's funding to the AMWU over the past five years is as follows: in 2005-06, \$81,000; in 2006-07, \$90,000; in 2007-08, \$95,000; in 2008-09, \$100,000; and in 2009-10, \$97,000.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 4, page 37, the Thriving Regions program. I was very concerned to see that the Thriving Regions program was underspent, with \$11.6 million budgeted but only \$6.3 million deployed. Could the minister explain to the committee why the Thriving Regions program was deprived of that extra funding?

**The Hon. A. KOUTSANTONIS:** Alas, I cannot. That is for the Minister for Regional Development to explain. That is not part of my responsibilities. If you like, I can take it on notice. She is appearing in estimates very soon. That is the advice I received.

**Mr HAMILTON-SMITH:** I think it appears in your budget line.

**The Hon. A. KOUTSANTONIS:** It is in DTED, but it is the responsibility of another minister. It would be inappropriate for me to comment.

**Mr HAMILTON-SMITH:** But your CEO, Mr Worrall, deals with that budget line, I gather?

**The Hon. A. KOUTSANTONIS:** Minister Gago does.

**Mr HAMILTON-SMITH:** But to a separate minister?

**The Hon. A. KOUTSANTONIS:** Yes, that is right.

**Mr HAMILTON-SMITH:** It is a bit messy having all these ministers. The department chief, poor old Mr Worrall, must be pulling his hair out having to deal with all these different ministers.

**The Hon. A. KOUTSANTONIS:** He thrives on it.

**Mr HAMILTON-SMITH:** Does that mean you are not going to answer any questions for us on the Thriving Regions program?

**The Hon. A. KOUTSANTONIS:** That means that minister Gago is available in about 15 minutes, so you can walk over to the Legislative Council chamber, join the committee, and ask her as many questions as you like. I am not trying to be obstructive. It is not my responsibility.

**Mr HAMILTON-SMITH:** The Riverland Futures Taskforce, therefore, is not something for which you are responsible?

**The Hon. A. KOUTSANTONIS:** That is Gail Gago.

**Mr HAMILTON-SMITH:** The Riverland Sustainable Futures Fund is the same?

**The Hon. A. KOUTSANTONIS:** The same.

**Mr HAMILTON-SMITH:** That is a shame. I much prefer asking you but, if you do not know, you do not know.

**The Hon. A. KOUTSANTONIS:** I am not sure if that is a compliment or an attack.

**Mr HAMILTON-SMITH:** No, it was a very careful choice of words. Let me go to the Conservatory towers building.

**The Hon. A. KOUTSANTONIS:** You are welcome any time.

**Mr HAMILTON-SMITH:** I would love to come in, because I believe I could bring my golf clubs because there is a bit of spare room in there, I understand. We did talk about this previously. I refer to Budget Paper 4, Volume 4, page 34. From recollection, the government paid a considerable amount to fit out I think it was five floors in the Conservatory towers building and moved from Terrace Towers. The government has conceded that, because of the cutbacks to DTED's structure, it needs to sublet some of that space. What was the final cost of the fit-out, how much space are you now occupying, and how much did you have to give up or sublease?

**The Hon. A. KOUTSANTONIS:** Over a 15-year term the net present value of moving to the Conservatory was \$1.6 million less than the option of refurbishing DTED's Terrace Towers, where I am located, and Pirie Street opposite—

**Mr HAMILTON-SMITH:** Are you in Terrace Towers?

**The Hon. A. KOUTSANTONIS:** Yes; the irony.

**Mr HAMILTON-SMITH:** So the department has managed to detach itself from the minister and fly off into orbit around Hindmarsh Square, leaving you in Terrace Towers?

**The Hon. A. KOUTSANTONIS:** No; I just took Michael Wright's office. The actual cost for the fit-out project to 28 February 2011 is \$4.985 million, which is \$76,000 below the budget of \$5.061 million. Whilst DTED leased five floors of the Conservatory (3,992 square metres), only 4.5 floors (3,602 square metres) were fitted out and occupied as of 1 July 2010.

Since the restructure, DTED, level 6 (812 square metres) has been subleased to SA Health. DTED has secured a tenant for up to 300 square metres of the 390 square metres of vacant space on level 5, which is currently not fitted out. A good result.

**Mr HAMILTON-SMITH:** Could I just recap on that? It was five floors, I think, that you originally planned to occupy. Could you just repeat how many—

**The Hon. A. KOUTSANTONIS:** Whilst DTED had leased five floors of the Conservatory (3,992 square metres) only 4.5 floors (3,602 square metres) were fitted out and occupied as of 1 July 2010. Since the restructure of DTED, level 6 (812 square metres) has been subleased to SA Health. DTED has secured a tenant for up to 300 square metres of the 390 square metres of vacant space on level 5, which is currently not fitted out.

**Mr HAMILTON-SMITH:** Okay. Just to save me from doing the calculations here, how many floors are you occupying as DTED?

**The Hon. A. KOUTSANTONIS:** 3.5, I am advised.

**Mr HAMILTON-SMITH:** What rate per square metre are you paying for that, and what is the total lease payment per annum?

**The Hon. A. KOUTSANTONIS:** We do not have those figures here to be accurate, so we will get a considered answer to you.

**Mr HAMILTON-SMITH:** The Olympic Dam task force, as I understand it, has remained at Terrace Towers?

**The Hon. A. KOUTSANTONIS:** Yes. That's not my—

**Mr HAMILTON-SMITH:** That is detached to minister Foley now, is it?

**The Hon. A. KOUTSANTONIS:** It is part of PIRSA now. It has been restructured into PIRSA.

**Mr HAMILTON-SMITH:** So you no longer have budget responsibility for the Olympic Dam task force?

**The Hon. A. KOUTSANTONIS:** My advice is no.

**Mr HAMILTON-SMITH:** What elements of DTED are located elsewhere than the Conservatory towers building. Your office is obviously one.

**The Hon. A. KOUTSANTONIS:** The most important part, the minister's office—

**Mr HAMILTON-SMITH:** That was a very clever move for the department. That sort of smacks of *Yes Minister* a bit, that we have moved off to another location and left the minister behind.

**The Hon. A. KOUTSANTONIS:** I have to say, before I became a minister, people always warned me about public servants and their Machiavellian games. I have not come into contact with it—and I am as Machiavellian as it gets. I have not found anyone who is not a hard working, dedicated South Australian who wants to do the right thing by all of us and, quite frankly, who works without fear or favour for either political party.

**Mr HAMILTON-SMITH:** No; there's no question of that. It is just curious that the department has moved to one location and the minister has stayed in the building they moved from.

**The Hon. A. KOUTSANTONIS:** I do not see they tricked me into doing it. I just filled a space that Michael Wright had vacated to save money. We are a frugal government.

**Mr HAMILTON-SMITH:** Can I just move to Business SA, CITCSA and a couple of other agencies that you have been funding. In answer to an earlier question from the government side,

you gave us some information about how the Business SA money would be spent, if I recollect. I think you gave us an earlier response to that.

Budget Paper 6, page 68. What is the status and timetable for funding cuts to the Council for International Trade and Commerce (CITCSA), and what future does the government see for the organisation and its members? Will Business SA be taking over these functions? You announced in last year's budget that it would lose its funding, could you update the committee as to when that is to take effect? What is the ongoing situation?

**The Hon. A. KOUTSANTONIS:** I understand that has taken effect; its funding has ceased. I think it was the right decision and I stand by that decision. I am grateful for the work that they have done, no doubt about it, but I think that, moving forward, we need to reach a point where if you are claiming to be the Council for International Trade and Commerce South Australia that you can self-fund.

Of the numbers quoted by the opposition in terms of the turnover that CITCSA made, on a rough back of an envelope estimation it would be 0.02 per cent that we would need in fees to recover what we gave it. I will check that, but I really do not see the point in the government having an ongoing relationship with a private organisation like that to fund international trade and commerce. I would much rather that Business SA, which is the pre-eminent business body in South Australia, lead trade missions and open up trade opportunities for local business.

The government, in this budget and the next budget, in the forward estimates, has given \$500,000 per annum for two years and from then on nothing—it will become self-funding. Unfortunately for CITCSA, it could not come back to me with a self-funding model. It is important to understand that if you are involved in international trade and opening up markets then surely there is a way of making yourself profitable and sustaining yourself. Business SA has come up with a model that it thinks it can do, so—

**Mr HAMILTON-SMITH:** Do I take it then that the minister sees those roles and the organisations that work with CITCSA moving over to Business SA?

**The Hon. A. KOUTSANTONIS:** They are all chambers of commerce. Why would not Business SA have a relationship with the Italian Chamber of Commerce?

**Mr HAMILTON-SMITH:** So, Business SA will subsume, if you like, CITCSA. Same budget paper, page 43. What is the status in funding of planned cuts to Innovate SA and what future does the government see for that organisation and its role?

**The Hon. A. KOUTSANTONIS:** From 1 October 2009, the South Australian Centre for Innovation was refigured to operate at arm's length from government and renamed Innovate SA. Staff and funding were transferred from DTED to Innovate SA and this is reflected in the revised resource agreement between the Minister for Industry and Trade and Innovate SA. Funding of \$4,301,000 was provided in 2010-11: \$3,841,000 for operating expenditure and \$60,000 for program expenditure.

The role is to promote, encourage and facilitate economic development through innovative support, particularly among small to medium size enterprises. Innovate SA also currently incorporates activities by Venture Capital SA. In 2009-10, Innovate SA conducted diagnostic assessments on 151 companies, following on with enterprise improvement activities with 766 companies. It has done some good work. Its funding expires in 2012 and I am in discussions with Innovate SA about its future.

**Mr HAMILTON-SMITH:** When in 2012?

**The Hon. A. KOUTSANTONIS:** June.

**Mr HAMILTON-SMITH:** 30 June?

**The Hon. A. KOUTSANTONIS:** 30 June.

**Mr HAMILTON-SMITH:** When you say you are in discussions with them, does that mean there is some prospect of continued funding beyond June 2012?

**The Hon. A. KOUTSANTONIS:** I am not going to speculate.

**Mr HAMILTON-SMITH:** If I heard you correctly, they picked up functions formerly carried out by the Venture Capital Board; is that right?

**The Hon. A. KOUTSANTONIS:** No.

**Mr HAMILTON-SMITH:** I heard you mention Venture Capital.

**The Hon. A. KOUTSANTONIS:** The advice I have—and I will get a more considered answer to the committee—is that they do not actually run the Venture Capital fund. What they do is pick up some of the work that Venture Capital used to run which was scholarships and programs through the universities, but I will get a more considered, accurate answer to you.

**Mr HAMILTON-SMITH:** As Innovate SA's funding is due to end on 30 June 2012, is this another case of the government seeing Business SA picking up those capabilities or those functions?

**The Hon. A. KOUTSANTONIS:** No. I see Business SA in the traditional role of a chamber of commerce, that is, to be a voice for business to government, facilitating trade and commerce. I do not see it doing what Innovate SA does. I think Innovate SA can be a very interesting, exciting arm of government. I am just carefully considering our options about how we structure that if we continue to fund it and if we do not continue to fund it. I am in negotiations with them now. I will come back to you with a definitive answer. My thinking on it right now is that I would like to see more result. Innovate SA does some very good things, but I want it to be less about contacts and more about outcomes.

**Mr HAMILTON-SMITH:** Just moving to the restructure for a moment. You did mention this in your opening remarks, but I am not sure if we got the actual numbers. You may have, I will check the *Hansard*. I gather the DTED restructure is now complete. Could you just summarise for the committee how many jobs were cut, how many more (if any) are to go and what is the current number of FTEs and part-time staff at DTED?

**The Hon. A. KOUTSANTONIS:** The restructure of DTED following the 2010-11 budget resulted in the approved establishment of the department reducing from 199.3 full-time equivalent positions to 124.3 full-time equivalent positions. The 2009-10 actual of 192.5 full-time equivalent positions reflects positions vacant at 30 June 2011. The details is as follows:

- 1 July 2010 approved establishment: 199.3;
- Restructure impact: -78;
- New initiatives 2010-11: Cleantech Strategy, +1; Manufacturing Strategy, +1; ICNSA water domain specialist (Commonwealth funding), +1;
- 1 January 2011 approved establishment: 124.3.

As at 30 June 2011, DTED has a revised approved establishment of 124.4 full-time equivalent positions. The 2011-12 budget papers reference 123.9 full-time equivalent positions for 2010-11. This reflects 2.5 equivalent positions for the three headcount currently engaged on the small business commissioner project. The 0.5 variance is due to averaging only.

Since 1 January 2011, while some changes have occurred to the DTED approved establishment, the overall target has not changed materially:

- 1 January 2011 approved establishment: 124.3;
- ICNSA resources transferred from DFEEST as part of the jobs strategy, 2;
- formalisation of the temporary resources required to establish the small business commissioner, legislation and office (the 2011-12 budget papers reflect this as a 2.5 average), FTE establishment, 3;
- Thinker in Residence catalyst, +1;
- one executive FTE retained to ensure completion of strategic process, +1;
- transfer of the Olympic Dam Taskforce to PIRSA following the creation of the attached office on 1 December 2010, -7;
- additional part-time resource to fully implement the TradeStart contract, +0.1; and
- 30 June 2011 approved establishment, 124.4.

I hope they all add up. The following approved changes will occur in 2011-12 to the DTED establishment:

- 30 June 2011 approved establishment, 124.4;

- support for the implementation of the South East South Australia Innovation Investment Fund,+1;
- new initiative—small business support, +1;
- cessation of the executive resource previously retained to ensure completion of strategic projects, -1;
- small business contract position ceasing in line with BEC arrangement non-renewal, -1;
- additional resource for Minister for Regional Development liaison, +1;
- cessation of small business commissioner project resources (anticipated to be December 2011), -3; and
- 30 June 2012 approved establishment, 122.4.

DTED has finalised the organisational restructure required to implement the new priorities. The majority of positions have been filled from internal staff, with a small number of vacancies currently being finalised. As of 20 June 2011, five positions remain unfilled from the original restructure. A summary of excess staff as at 20 June 2011 is:

- number of excess staff as of 1 January 2011: 81 tenured PS Act FTE; untenured PS Act, 16 FTE; total PS Act FTE, 97;
- TVSP offers: tenured PS Act FTE, 73 (that is the total);
- TVSP acceptances, 48;
- termination, non-renewal of contracts, resignations and retirement of untenured staff, 12;
- staff placed permanently in agencies: 8 tenured, 2 untenured; total, 10;
- staff placed temporarily in agencies: 16 tenured PS Act FTE; untenured, 2; total, 18; and
- active redeployees, 9.

**Mr HAMILTON-SMITH:** Would it be possible at a later time—or now, if you have it—to have an organisation diagram of DTED with the new structure? I will wade through all those figures, but it is a bit easier to see an organisation chart with the capabilities in each section.

**The Hon. A. KOUTSANTONIS:** Sure.

**Mr HAMILTON-SMITH:** Could that be provided?

**The Hon. A. KOUTSANTONIS:** I can see no reason why we would not.

**Mr HAMILTON-SMITH:** Thank you. Can I just move to Tonsley Park? What has been the total cost to government for the acquisition and consolidation of the site, and what revenue does the government expect to realise once it develops the site?

**The Hon. A. KOUTSANTONIS:** The government paid \$32.5 million to Mitsubishi for the site. We also rent them a site for their head office in Australia. As part of their guarantee for Mitsubishi customers, they must store a cachet of parts for Mitsubishi vehicles that they manufacture here. I will get the maintenance breakdown to you in terms of a full detailed cost per financial year in the time frame available to us. In terms of the governance structure and what we are going to get back, that is being finalised now and I will announce that very soon.

**Mr HAMILTON-SMITH:** You said 'the governance structure'. Is that how it will look once it is up?

**The Hon. A. KOUTSANTONIS:** How it all works, what acreage, how much will go to what. We will have all that for you soon.

**Mr HAMILTON-SMITH:** What date will you be announcing that, minister?

**The Hon. A. KOUTSANTONIS:** I will give you plenty of notice. After my media conference I will give you a call.

**Mr HAMILTON-SMITH:** I am getting expressions from industry that there may be some difficulty for companies in negotiating with the government space at the Tonsley site; that the government is being a bit difficult to deal with in regard to—

**The Hon. A. KOUTSANTONIS:** Protective.

**Mr HAMILTON-SMITH:** Well, the idea is to make this site available, so how can companies facilitate their interest in the site? What is your vision for the site in terms of the types of industries that you want there?

**The Hon. A. KOUTSANTONIS:** That is the important thing, isn't it? I am very keen to make sure that we do not just rent this out for bulk commodity goods or retail tenancies. The truth is that the government could quite easily recoup its money very quickly by just turning that into housing and warehouse accommodation for bulky goods. That would be the easiest and fastest way for us to get a return.

This government wants to be more strategic and has a longer-term vision for that area. We need to secure long-term employment growth for those southern suburbs. I am committed personally to making sure that Tonsley is something that lasts generations and is something special. There are a number of companies who approach me regularly about putting all sorts of things on Tonsley that do not necessarily fit with the government's vision, and that is a good thing. The good thing about it is that demand is high and it shows a level of business confidence. Unfortunately, the toughest thing about a minister is not saying yes, it is saying no. Saying no is the hard part but also the important part.

I will talk to you about the development but, importantly, as I said in my opening statement, I want to ensure that we can maximise new industries, new technologies, a new pathway, advanced manufacturing and cleantech at that site. The government could have it fully leased within a year if we just opened it up to the market, because we would get bulk commodities. We would get people just using the warehouse for storage space—easy. You would have some retail outlets on the frontage on South Road and it would be over. That is not what we want. We want to have advanced manufacturing and some value-add.

Important as it is that businesses be able to express their views, I am not going to be a soft touch on this. I really want to make sure that the entire 61 hectares at the Tonsley Park site are used to maximise employment and investment opportunities for the state.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 4, page 40. Is a company called Kintyre exporting uranium oxide or any uranium derivative from WA through SA ports? What is the dollar value of these exports, if the minister knows it, and how many other companies might be exporting uranium oxide through South Australia? Are we getting a cut of the royalties or any remuneration from it?

**The Hon. A. KOUTSANTONIS:** I will take that on notice. I will have to come back to you about that. Which port?

**Mr HAMILTON-SMITH:** I assume they are sending it out of Adelaide. In terms of the car industry, Holden itself has expressed considerable concern about its future given the federal government's decision to cut green funding. What financial investments in this budget or in the estimates period does the government see itself having to make to secure Holden's future now that the federal government has pulled up the ladder?

**The Hon. A. KOUTSANTONIS:** The federal government, in its budget cuts, took a recommendation of the Liberal opposition to cut the Green Car Innovation Fund. Tony Abbott went to the last election advocating that cut. I think the Green Car Innovation Fund has served its purpose: the Cruze is rolling off the line. We gave \$30 million.

As I said in earlier estimates, I think car manufacturing is of strategic importance to the state, and the state government will not be silly about it but we will endeavour to make sure that we have that strategic capability here in South Australia. I think 2,660 people are employed at Elizabeth and those jobs are highly skilled. The assembly line there is cutting edge. If Holden has issues, my door is always open. I meet with Mr Devereux regularly, at least twice a quarter, and we discuss Holden's future. I think we have an excellent relationship with Holden. This government makes no apology for standing side by side with those workers.

Given that Detroit went bankrupt and the people of the United States ended up owning General Motors, Ford and Chrysler in the United States, I think what we did, working together with the federal government and Holden, was a small miracle, to get that assembly line recalibrated and to get the Cruze running off the assembly lines. I think it is a great success story and it is a measure of the work and the high regard in which Holden is held in the United States.

I recently visited Detroit and the moment you walk into their headquarters the first thing you see are pictures of FJ Holdens, HK Holdens, HT Holdens and Commodores. They love the brand and they love the history; they have invested in it. They like our designs; they like what they do in

Melbourne; they like what we do here. They like the collaborative approach with the union movement, the work with the government. I think it is something sustainable.

Do I have a budget dollar figure on what it would cost to keep them running? Currently, Holden is doing quite fine; it does not need any government assistance. There is no question of its viability. If there is, it will come to us.

**The CHAIR:** Thank you, minister. There being no further questions I declare the examination of the proposed payments adjourned and referred to committee B.

*[Sitting suspended from 15:03 to 15:17]*

## **DEPARTMENT FOR CORRECTIONAL SERVICES, \$207,114,000**

### **Membership:**

Mr Goldsworthy substituted for Mr Hamilton-Smith.

### **Witness:**

Hon. A. Koutsantonis, Minister for Mineral Resources Development, Minister for Industry and Trade, Minister for Small Business, Minister for Correctional Services.

### **Departmental Advisers:**

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

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

Mr G. Weir, Executive Director, Strategic Services, Department for Correctional Services.

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

**The CHAIR:** Estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer any questions. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by Friday 13 September. There is a flexible approach to questions, based on about three questions per member, alternating on each side. If members can reference their questions very clearly, that would be much appreciated.

The minister we have in front us this afternoon is the Minister for Correctional Services. I declare the proposed payments open for examination. Minister, do you wish to make an opening statement?

**The Hon. A. KOUTSANTONIS:** Yes, thank you. There have been rewards and challenges in 2010-2011 for the Department for Correctional Services. The department's change and enhancement program has seen significant additions and planned enhancements to infrastructure across the department, including the opening of a new community corrections centre at Gawler, the commissioning of a 36-bed low security unit at Port Lincoln Prison, called the Bluefin Unit.

There is the commencement of work for the construction of a new cell block at Port Augusta Prison, finalising planning for additional accommodation at Mount Gambier Prison, and the commencement of a program of works to upgrade security and infrastructure at Yatala Labour Prison, the Adelaide Women's Prison and the Adelaide Pre-Release Centre.

Further to this, a six-cell modular accommodation unit constructed from shipping containers is currently being trialled at the Cadell Training Centre. The modular accommodation is the first of its type in South Australia and will be trialled for a short period of time to gauge its success as a rapid, secure and cost-effective way to meet future prisoner accommodation demands.

With regard to our challenges, I refer to our ever-constant need to effectively humanely manage fluctuation in prison numbers, many of whom are dangerous individuals presenting with complex needs. In addressing these and other challenges of the department, I am proud to say that the department has continued to provide the highest standard of service to prisoners, offenders in

the community, staff and the South Australian people as a whole in a professional, humane and diligent manner.

For the third year in a row the Report on Government Services, which was publicly released in January this year, showed that the South Australian correctional system had the lowest return-to-prison rate of any Australian jurisdiction. It showed that for 2009-10 the percentage of released prisoners who were returned to prison within two years of discharge was 30.2 per cent. This figure is below that of any other jurisdiction and less than the national average of 37.6 per cent, which is a favourable result.

It not only shows that South Australia has consistently achieved one of the lowest return-to-prison rates in Australia but also at a lower cost, with South Australia's net operating expenditure per prisoner per day being noted as \$187, compared to the national average of \$207.

The 2010-11 year saw on average 1,987 prisoners being accommodated at any given day in our prison system. It is, of course, anticipated that growth in prison numbers will be experienced in years ahead as the government's tough stance on law and order issues continues, and the government will ensure that these fluctuations will be effectively managed now and into the future.

Another challenge is stopping contraband—in particular drugs—entering our prison system. The department is entirely committed to stop such items, and the use of intelligent and passive alert detection dogs are key strategies. The department's Intelligence and Investigations Unit works closely with SAPOL, particularly the Police Corrections Section, to monitor the activities of prisoners and their visitors to intercept and reduce the flow of contraband. Over 45,000 searches of prisoners, their cells and property were conducted last year alone. There have been significantly more searches than ever before and our searches are smarter, more targeted and intelligence driven.

Another progressive achievement during the year was the establishment of the Serious Offender Committee. The committee was established in response to a review that was undertaken to reinvigorate and streamline the department's case management processes. To date, the committee has proven to greatly assist officers and specialists in assessing, identifying and delivering targeted services to prisoners. The Making Changes program, which complements other moderate to high-intensity programs, including violent offender and sexual offender programs, now runs in all prisons and community correctional facilities throughout the state of South Australia.

The objective of the program is to give offenders a greater insight into why they offend and the effects of their offending. Strategies are also developed to equip offenders with the skills they need to live an offence-free lifestyle. The positive results achieved over the last four years in prisoner education have also continued. In the 2011 Report on Government Services, South Australia is identified as having overall participation levels in education of 45.9 per cent, which is well above the national average of 34.8 per cent.

South Australia has also recorded a participation level of 39.1 per cent in vocational education and training courses, the second highest percentage of participation levels in the country and well above the national average of 26.7 per cent.

I am proud to advise that the community-based Repay SA initiative has achieved work to the equivalent value of over \$5.5 million worth of benefit to the South Australian community since its launch in September 2008. This successful program, which involved the removal of graffiti and other damage caused by offenders, as well as maintenance of public areas, such as train stations, will continue to be expanded across various locations in the year ahead.

The Rann government has strengthened its focus on community safety by progressing plans to strengthen legislation relating to parole and the prison system. As mentioned previously to members in this place, it is anticipated that these amendments to the Correctional Services Act 1982 and associated regulations will see parolees removed from our streets if they breach conditions or are at risk of reoffending.

I would also like to formally advise this place that a rental arrangement is currently being finalised for the use of digital televisions by prisoners. I can assure members that every television—every single one—will be paid for in full through a weekly payment rental scheme in 2½ to three years.

As well, I would like to address allegations made against the department and publicised over the last few months. The allegations raised have not been accompanied by any detail of evidence that was previously not known to the department. All the allegations had been the subject of thorough investigations and proper process.

The Department for Correctional Services remains an organisation that is committed to a continual process of improvement and enhancement. Through its Chief Executive, Mr Severin (ably assisted by his Deputy Chief Executive, Mr Weir), the department has proactively dealt with matters of complaint and has significantly changed, enhanced and strengthened the necessary governance arrangements to ensure transparency, accountability and fairness for both DCS employees and prisoners and offenders who are either incarcerated or supervised through Community Corrections.

I am motivated and energised by the prospects of the department's future, and I acknowledge the DCS staff. Together, we will maximise opportunities for improved outcomes for offenders in our custody, staff and, importantly, the South Australian community as a whole. There is no greater responsibility that any government department has than taking away someone's liberty, and we do it humanely and we do it well.

**Mr GOLDSWORTHY:** I do not have any opening statement. We will go straight to questions. I refer to Budget Paper 6, page 17, Budget Measures Statement, under the heading Prison Security Systems. Can the minister give us a breakdown, or more detail, in relation to the security infrastructure upgrade spend?

**The Hon. A. KOUTSANTONIS:** Technological change in electronic security products, detection and surveillance equipment is occurring at a rapid rate—to the extent that obsolescence can now be expected in less than seven years. Many of the electronic security equipment items at the prisons have either reached or exceeded this time frame. In order to minimise risk exposure, the department developed a four-year plan for future equipment replacement, upgrades and system enhancements. The four-year plan for the upgrade of security systems commenced in 2007-08 and will conclude in early 2011-12. The 2007-08 budget provided \$3.8 million for this project. The 2011-12 budget provides a further \$1.8 million for additional security initiatives.

A highlight of the 2010-11 projects is that, to date, the equipment that has been replaced includes: officer duress systems at various prisons; perimeter detection systems at various prisons; cell intercom main servers at various prisons; new flat screen monitors for control rooms at Mobilong, Mount Gambier and Port Lincoln prisons; front-end security management system hardware; and a door and gate intercom system at Mobilong prison. In addition, a trial of a mobile phone detection at Yatala prison has occurred.

It is anticipated that \$902,000 will have been spent in 2010-11. There will be expenditure in 2011-12 of \$600,000 to complete the project. The main items yet to be completed are cell door intercoms at the Adelaide Remand Centre and Port Augusta prison. In addition, the 2011-12 budget provides for a further \$1.8 million for security infrastructure upgrades.

A procurement process for a baggage X-ray machine, access control walk-through metal detector, biometric verification system, key management system and drug and explosive detection system for the Adelaide Remand Centre has commenced. Installation is to begin in 2011-12 as part of the access control and reception upgrade project at the Adelaide Remand Centre.

In addition to the equipment at the Adelaide Remand Centre, the funds will also provide for cabling at Mobilong prison to facilitate the production of digital security technology. The budget also provides for ongoing upgrade of security infrastructure, including CCTV in selected sites (including community corrections offices) and mobile phone detection systems.

**Mr GOLDSWORTHY:** Basically, the current equipment is out of date in relation to technology, technology has moved past it and that is part of the reason the upgrade is taking place?

**The Hon. A. KOUTSANTONIS:** We are going from analog to digital, so there is an upgrade going on around Australia.

**Mr GOLDSWORTHY:** Across correctional services?

**The Hon. A. KOUTSANTONIS:** You will find in your household that you are buying a digital TV because analog has stopped. It has happened with phones; it is happening everywhere. Technology changes constantly and in corrections it is important that we with keep up the pace.

**Mr GOLDSWORTHY:** Sure. Am I right in saying that it is \$1.8 million allocated for the upgrade?

**The Hon. A. KOUTSANTONIS:** In this budget year, yes, that is what I am advised.

**Mr GOLDSWORTHY:** In your answer before you gave a bit of a break-up and said \$600,000, I thought, in the 2011 year, this current budget year? That was a figure you quoted.

**The Hon. A. KOUTSANTONIS:** I am advised that that it is the balance of the original four-year strategy, so it has been carried over.

**Mr GOLDSWORTHY:** So it is the \$600,000 this year as well as the \$1.8 million?

**The Hon. A. KOUTSANTONIS:** That is right, that is the advice.

**Mr GOLDSWORTHY:** You are obviously allowed to carry over those funds and did not have to return them to Treasury?

**The Hon. A. KOUTSANTONIS:** It is in the budget, so it is done with the Treasurer's consent.

**Mr GOLDSWORTHY:** But is the \$600,000 part of the \$1.8 million or is it \$600,000 on top of the \$1.8 million?

**The Hon. A. KOUTSANTONIS:** I just said to you it is extra.

**Mr GOLDSWORTHY:** So, it is \$2.4 million really?

**The Hon. A. KOUTSANTONIS:** Yes, \$1.8 million new money and \$600,000 carried over.

**Mr GOLDSWORTHY:** You obviously wrote to the Treasurer seeking confirmation that you were able to carry that over?

**The Hon. A. KOUTSANTONIS:** It is a budget process.

**Mr GOLDSWORTHY:** I thought it was Treasury instructions that, if you have had unspent money from a previous year's budget, you either had to give it back or get permission to carry it over.

**The Hon. A. KOUTSANTONIS:** It is in the budget, so therefore the Treasurer is aware of it, on the advice I have.

**Mr GOLDSWORTHY:** I am just asking some questions, that is all.

**The Hon. A. KOUTSANTONIS:** I know, but it is self-evident.

**Mr GOLDSWORTHY:** Not necessarily. We had a big court case over a couple of years in relation to funds being held over.

**The Hon. A. KOUTSANTONIS:** That was by a chief executive and that was not in the budget papers. This is in the budget papers for everyone to see. It is so secret we publish it.

**Mr GOLDSWORTHY:** I do not know whether you have—you have \$1.8 million; that is not including the \$600,000.

**The Hon. A. KOUTSANTONIS:** Page 101, security system, stage 3, \$600,000. It is in the budget papers. That is how secret it is.

**Mr GOLDSWORTHY:** Unless we ask, we would not know what that particular amount was, hence the question.

**The Hon. A. KOUTSANTONIS:** I suppose that is true for some members.

**Mr GOLDSWORTHY:** Do you have a breakdown of the allocation of the \$2.4 million that will be spent on each prison? Is there an allocation of funds from prison to prison?

**The Hon. A. KOUTSANTONIS:** Are you talking about the \$1.8 million plus the \$600,000? I have just read that out to you—do you want me to read it out again?

**Mr GOLDSWORTHY:** Sure.

**The Hon. A. KOUTSANTONIS:** Technological changes in electronic security products, detection and surveillance equipment are occurring at a rapid rate, to the extent that obsolescence can now be expected in less than seven years. Many of the electric security equipment items at prisons have either reached or exceeded this time frame. In order to minimise risk exposure the department developed a four-year plan for future equipment replacement, upgrades and system enhancements.

The four-year plan for the upgrade to security systems commenced in 2007-08 and will conclude early 2011-12. The 2007-08 budget provided \$3.8 million for this project. The

2011-12 budget provides for a further \$1.8 million for additional security initiatives. The highlights: to date the equipment that has been replaced includes officer duress systems at various prisons; perimeter detection systems at various prisons; cell intercom main server at various prisons; new flat screen monitors to control rooms at Mobilong, Mount Gambier and Port Lincoln prisons; front-end security management system hardware and—

**Mr GOLDSWORTHY:** Can I just stop the minister there for a minute?

**The Hon. A. KOUTSANTONIS:** —no you can't—and door and gate intercom systems at Mobilong Prison. In addition—

**The CHAIR:** Do you have a point of order?

**Mr GOLDSWORTHY:** Well, no just—

**The CHAIR:** Excuse me, minister. Do you have a point of order?

**Mr GOLDSWORTHY:** It is just a point of clarification, if I may. The minister is reading the answer. The information you are providing, minister, is that spending you have completed to date? I think a couple of sentences earlier you said 'to date we have spent these funds on these projects' at various prisons; is that right? The lady is nodding.

**The Hon. A. KOUTSANTONIS:** Yes.

**The CHAIR:** I understand your question, but I would suggest that you listen to the minister's full answer, which may have an answer to that question.

**The Hon. A. KOUTSANTONIS:** There will be expenditure in 2011-12 of \$600,000 to complete the project. The main items yet to be completed are cell door intercoms at the Adelaide Remand Centre and Port Augusta Prison. In addition, the 2011-12 budget provides a further \$1.8 million for security infrastructure upgrades. A procurement process for a baggage X-ray machine, an access controlled walk-through metal detector, a biometric verification system, key management systems, and drug and explosive detection systems for the Adelaide Remand Centre has commenced.

Installation is to begin in 2011-12 as part of the access control and reception upgrade project at the Adelaide Remand Centre. In addition to the equipment at the Adelaide Remand Centre, the funds will also provide for cabling at Mobilong Prison to facilitate the production of digital security technology. The budget also provides for the ongoing upgrade of security infrastructure, including CCTV, in selected sites, including community corrections offices and mobile phone detection systems.

**Mr GOLDSWORTHY:** Full stop.

**The Hon. A. KOUTSANTONIS:** Same as the last answer—word for word.

*Mr Odenwalder interjecting:*

**Mr GOLDSWORTHY:** Well, the minister speaks very quickly, so it is sometimes difficult to pick up every last little finite fact that he shares with us. What you have outlined, minister, will expend the \$1.8 million in total?

**The Hon. A. KOUTSANTONIS:** As I said, and I quote for the third time: there will be expenditure in 2011-12 of \$600,000 to complete the project. The main items yet to be completed are cell door intercoms at the Adelaide Remand Centre and Port Augusta Prison. In addition, the 2011-12 budget provides a further \$1.8 million for security infrastructure upgrades. Do you really want me to read them out for the third time?

**Mr GOLDSWORTHY:** No. I want just a simple yes or no answer, minister. Will the \$1.8 million be expended on those initiatives you provided in the last answer?

**The Hon. A. KOUTSANTONIS:** That is the advice I have received.

**Mr GOLDSWORTHY:** That's fine. No need to get antsy about it, Tom.

**The Hon. A. KOUTSANTONIS:** I'm not; I just can't believe you don't understand it.

**Mr GOLDSWORTHY:** In relation to prison security systems, are there certain classifications—I do not know whether or not this is the right term—of prisoners who are under constant surveillance by the correctional services officers? Do maximum security prisoners have CCTV in their cells? I am just wondering if part of the prison population is under constant surveillance.

**The Hon. A. KOUTSANTONIS:** The entire prison population is held within a perimeter called a prison wall. We have people we employ, who wear uniforms, called corrections officers. They ensure that we have prisoners in prison. We have CCTV throughout prisons, but prisoners who are kept under strict CCTV surveillance are prisoners at risk.

**Mr GOLDSWORTHY:** Are you able to expand on the detail of what puts a prisoner at risk?

**The Hon. A. KOUTSANTONIS:** Risk of self-harm. I much prefer to have our correctional officers on the floor with prisoners rather than sitting behind the desk looking at a camera and a TV screen.

**Mr GOLDSWORTHY:** That is your call, minister. I am just interested to understand who, within our prison population, is under constant surveillance.

**The Hon. A. KOUTSANTONIS:** In prisons, in the facilities that we have that are deemed prisons under the act, we have cameras throughout, but, for the specific purpose of monitoring one individual prisoner, only if they are at risk of self harm—suicide.

**Mr GOLDSWORTHY:** Sure. Who is installing the security infrastructure upgrade? Is there a number of companies or has one company got the total contract?

**The Hon. A. KOUTSANTONIS:** There is a panel of providers. Each tranche of that work is put to tender and the most competitive tender is awarded the work.

**Mr GOLDSWORTHY:** Who has the won the tender now?

**The Hon. A. KOUTSANTONIS:** There were approved tenderers, I assume. I will get that back to you but there are three approved tenderers: AIS, AIC and Access Datacom.

**Mr GOLDSWORTHY:** Are they South Australian companies or interstate companies?

**The Hon. A. KOUTSANTONIS:** All three, I am advised, are South Australian companies.

**Mr GOLDSWORTHY:** South Australian-based, with their—

**The Hon. A. KOUTSANTONIS:** That is the advice I have received, yes. Direct questions to me.

**Mr GOLDSWORTHY:** —headquarters here?

**The Hon. A. KOUTSANTONIS:** Yes.

**Mr GOLDSWORTHY:** Minister, you talked about CCTVs and, in your opening statement, you talked about televisions going into prison cells. Is any of this money to be spent on television sets for prison cells?

**The Hon. A. KOUTSANTONIS:** No. I restate my position: within 2½ to three years, all televisions for the use of prisoners in their cells will be paid back to the state by those prisoners, through a rental agreement.

**Mr GOLDSWORTHY:** A rental agreement?

**The Hon. A. KOUTSANTONIS:** Yes.

**Mr GOLDSWORTHY:** How much will it cost each prisoner?

**The Hon. A. KOUTSANTONIS:** That will be determined by the department when they have the TVs up and running.

**Mr GOLDSWORTHY:** So, how far along are you in the process of—

**The Hon. A. KOUTSANTONIS:** Look, I do not have that information at hand, but I will say this about televisions in prison cells: I make no apology for this. It is important that we control who watches TV and when they watch it. I will not allow televisions to be used as influence or power within prisons. All televisions will be controlled centrally by the department. They can turn them on or off.

Now I want to make sure that, if prisoners misbehave, they do not get to watch TV. It can be used as a tool. It can be used as an educational tool. I think it is an important piece of disciplinary furniture that we can have in a cell and they will be paid for by the prisoners.

**Mr GOLDSWORTHY:** Has there been any work or any thought put into what type of televisions will be put into the cells?

**The Hon. A. KOUTSANTONIS:** Obviously, ones that can receive a digital signal.

**Mr GOLDSWORTHY:** Will they have other functions? Will they be able to watch DVD movies or play games and things on them?

**The Hon. A. KOUTSANTONIS:** No. My advice is that prisoners will pay a rental fee, the details of which are yet to be finalised. This is a significant change as, currently, televisions are free at Yatala—a policy which the opposition endorses. At the remand centre and Adelaide Women's Prison, the department pays for televisions in cells.

The advantages of the new arrangements will be that the television remains the property of the DCS, not the prisoner; no contraband can be hidden or stored within the television's casings; and there will be a significant reduction in the administrative requirements to handle and test televisions. The DCS can simply remove a television, as and when required, without the risk of liability during the storage process. The DCS is able to offer more efficient control over prisoner viewing content with a digital transmission, and that is important, especially when it comes to sex offenders.

**Mr ODENWALDER:** I refer the minister to Budget Paper 4, Volume 1, pages 104 to 105. Can the minister tell the house about the new low security accommodation at Port Lincoln Prison?

**The Hon. A. KOUTSANTONIS:** As a matter of fact, I can. I thank the member for his important question. I am delighted to inform the house that just last month the Department for Correctional Services officially opened the Bluefin Unit at the Port Lincoln Prison; the latest in low security accommodation.

The Bluefin Unit fills an important gap in our prison system. In addition to the standard low security accommodation, the unit is unique in that part of it was specifically designed for elderly prisoners or those with mobility issues. The prisoner population is ageing and, with the removal of statutory limitations on prosecuting sex offenders, more older men are sentenced to prison. The Bluefin Unit will represent best practice in the safe, secure and humane treatment of such prisoners.

Up to 36 low security prisoners will be accommodated here. This includes 12 single and eight double-bed cells and eight beds arranged in two dormitory style accommodation areas for those with mobility or ageing issues, but who do not require treatment in an infirmary. Construction of the \$4.7 million unit commenced in May of last year and I am pleased to say that it was a local Port Lincoln company, WCK Proprietary Limited, that won the approval to construct the facility.

Correctional Services is a significant employer in regional South Australia, not just in custodial services but also in the area of community corrections. We continue to expand with the Bluefin Unit at Port Lincoln and the new 80-bed cell block at Port Augusta Prison, due to come online in 2013. We are also looking at up to 110 new beds at Mount Gambier Prison, utilising the modular accommodation that we are currently trialling at Cadell Training Centre.

Last month, I announced that this government was looking into modular purpose-built shipping containers designed to house prisoners. The six-cell container, which is currently on trial at the Cadell Training Centre, is a state-of-the-art example of alternative prisoner accommodation.

Across the state, across corrections, all of this expansion, all of this construction, means jobs: jobs for local businesses, jobs for contractors and subcontractors and, importantly, jobs in corrections. I note that the member for Stuart and the member for Chaffey both have prisons in their—

*Mr Whetstone interjecting:*

**The Hon. A. KOUTSANTONIS:** Cadell services the Riverland. It is close enough to the Riverland. A lot of them employ a lot of local families. The interesting thing about those two regional prisons that I have noticed when I have gone up there, is that there is more than one generation of prison officer working there: it is father and son, and sometimes grandfather, father and son all on the same shift. So, it is an important employer in regional areas. We are seen as an employer of choice in regional areas because we provide job security and a defined career path.

**Mr VAN HOLST PELLEKAAN:** Just a quick question on the television screens for the enjoyment of prisoners. Is the cost of that rollout still approximately \$1 million?

**The Hon. A. KOUTSANTONIS:** I think the way you ask that question says more about you than me. It is not about the enjoyment of prisoners, that is just a facetious and stupid thing to say. What I am trying to do—

**Mr VAN HOLST PELLEKAAN:** No, it is not. It is very clearly trying to identify—

**Mr GOLDSWORTHY:** Point of order, Madam Chair.

**The CHAIR:** Order! Your point of order?

**Mr GOLDSWORTHY:** Using inappropriate language.

**The CHAIR:** What was the inappropriate language?

**Mr GOLDSWORTHY:** He was referring to the member in an inappropriate manner.

**The CHAIR:** What was the inappropriate manner?

**Mr GOLDSWORTHY:** He said he was stupid.

**The CHAIR:** Did you say that the member for Stuart was stupid, minister?

**The Hon. A. KOUTSANTONIS:** I said the question was stupid.

**The CHAIR:** He said the question was stupid. I think that the member for Stuart is probably old enough and, indeed, tall enough to deal with these problems himself. He does not require my protection.

**Mr VAN HOLST PELLEKAAN:** I used that choice of words to be sure that I was separating the televisions for the enjoyment of prisoners versus the other screens throughout the facilities for the observation of prisoners. That was the reason.

**The Hon. A. KOUTSANTONIS:** The once-off amount of \$428,000 has been appropriated to install a television in every prison cell across the state. However, the actual cost, following the tender process, is \$295,000, not \$1 million as you have been saying in Liberal Party material and in press releases.

**Mr VAN HOLST PELLEKAAN:** Hence I asked for that clarification, so thank you.

**The Hon. A. KOUTSANTONIS:** I assume there will be a correction in your press releases, that you were wrong?

**Mr VAN HOLST PELLEKAAN:** Minister, I have not put out any press releases about prisons.

**The Hon. A. KOUTSANTONIS:** Your party has.

**Mr VAN HOLST PELLEKAAN:** I have not put out any—

**The Hon. A. KOUTSANTONIS:** So, you do not stand by your party or your leader; you have walked away from them already? That was quick.

**Mr VAN HOLST PELLEKAAN:** I asked for clarification, you gave it to me and I appreciate that. The next question is that you have said it is going to take 2½ years to have the money repaid by prisoners. Are you asking for repayment of the exact outlay cost or is there an interest component in the total repayment over 2½ years?

**The Hon. A. KOUTSANTONIS:** No, it is a \$295,000 cost and that will be recouped within 2½ to three years.

**Mr VAN HOLST PELLEKAAN:** Without any compensation for the opportunity cost of the money, just the original upfront payment?

**The Hon. A. KOUTSANTONIS:** When the government spends money it does not necessarily charge interest. Are you advocating we charge interest on grants to farmers?

**Mr VAN HOLST PELLEKAAN:** No, I am asking for clarification. Given that presumably some of the beneficiaries of the televisions over that 2½ years might change, how do you handle your rental payment from prisoner to prisoner or cell to cell?

**The Hon. A. KOUTSANTONIS:** What will happen is that every prisoner who wishes to use a TV will pay a rental. It will not be new TVs for every prisoner. The point is: there will be one TV that we will control. By our controlling it, the inordinate amount of power prisoners have who can afford TVs will be diminished. This means that we will decide who can watch TV and when they can watch TV, and they will pay rental.

**Mr VAN HOLST PELLEKAAN:** Pay rental for the period that they actually have that television?

**The Hon. A. KOUTSANTONIS:** To access the TV, absolutely, yes.

**Mr VAN HOLST PELLEKAAN:** The next question is on Budget Paper 4, Volume 1, page 101. You mentioned in your opening comments the trial of the six-cell container units at Cadell. How long is that trial expected to go for and what will the assessment criteria be?

**The Hon. A. KOUTSANTONIS:** We have started evaluating now. I am personally committed to these as a form of accommodation for prisoners. I think if it is good enough for miners and for hotels, it is damn well good enough for prisoners. I would like to see the opposition support us on this but, alas, that is not forthcoming. It does not want to see this type of construction for prisoners. Obviously it thinks it is too spartan: it would like something a bit more luxurious for prisoners.

The modular accommodation being tried at Cadell centre will allow the department to gauge its success as a rapid, secure and cost-effective way to meet future prisoner accommodation demands. The newly fabricated 40-foot shipping containers are fixed, with prison grade fittings, and feature high-security windows and doors like those at Mobilong and Yatala prisons. Have you been to Cadell to have a look at them?

**Mr VAN HOLST PELLEKAAN:** No, I have been to Cadell a few times, but I have not seen these new cells.

**The Hon. A. KOUTSANTONIS:** I offer the shadow spokesperson and you as the local member a tour of those facilities. The cost for one modular cell is approximately \$75,000, compared to between \$100,000 and \$200,000 for a traditionally built low-security cell. Research identified this option as a secure, flexible and cost-effective approach for temporary and long-term prisoner accommodation. Indeed, those costs for cells can be a lot higher. I understand for the new prisoners project that the average cost for a cell was \$550,000 per cell, so the maths is pretty simple. It has the same level of security and the same level of humanitarian comfort as a traditional build. It is \$550,000 for a traditional-build cell in a brand-new prison and \$75,000 for modular.

**Mr VAN HOLST PELLEKAAN:** The question was: how long will the trial go on for and what will the assessment criteria be?

**The Hon. A. KOUTSANTONIS:** I think it is appropriate that the political masters of the department not set those conditions. I will be awaiting advice from the department about when they are happy with it, to see how that works. They may not be happy with it. They may think it needs to be tweaked a bit, but I will give them as much time as they need. I am not going to set a deadline for them, because I think it is important that Corrections get their head around this, because once they are, I want to roll these out across over all our prisons, other than the remand centre.

**Mr VAN HOLST PELLEKAAN:** Do you require any planning approvals to install these container cells in the prisons?

**The Hon. A. KOUTSANTONIS:** Obviously there is Public Works, which is an approval process and, of course, local regulatory approvals are required.

**Mrs VLAHOS:** Can the minister inform the house about the review undertaken by the department into workplace behaviour at Yatala Labour Prison?

**The Hon. A. KOUTSANTONIS:** Yes. In February 2011, Ms Anne Dunn and Mr John Shearing were engaged to conduct a review of inappropriate behaviour at Yatala Labour Prison. Ms Dunn and Mr Shearing have extensive public sector experience. The review was guided by senior members of the department's executive team and included interviews with groups of staff in all areas and individual staff members. The review followed the rolling out of the code of ethics and anti-bullying training sessions for all staff conducted by the department. The department takes its responsibility very seriously in the areas of employment and staff support and is determined to address issues raised by individual staff. The key issues raised during the review include:

- a review of Standard Operating Procedure 60—Employee complaints resolution processes;
- continuing to move forward with the current change management program, which includes revised rosters, and the re-introduction of accommodation supervisors;
- improving communication, particularly around the proposed infrastructure and workplace changes;
- gender equity; and

- ensuring clear management direction for all operational issues including uniforms, recording of attendance at work, and the expectations when managing prisoners.

The final report has now been received. An implementation plan will be developed by the end of July 2011. All staff have been provided access to the full report and will have an opportunity to work on both the plan and its implementation.

**Mr VAN HOLST PELLEKAAN:** Minister, just two more questions on the container cells. What is the life expectancy of these units?

**The Hon. A. KOUTSANTONIS:** Fifteen to 20 years.

**Mr VAN HOLST PELLEKAAN:** In relation to the \$2.4 million of security upgrade that you were talking about before with the member for Kavel, is any of that money intended to go towards these container cells?

**The Hon. A. KOUTSANTONIS:** No. The advice I have received is no.

**Mr GOLDSWORTHY:** Budget Paper 4, Volume 1, page 101 relates to the escape of prisoners from G4S escort. What reviews has the minister completed to prevent further escapes?

**The Hon. A. KOUTSANTONIS:** Over the last 13 years, the number of prisoners who have escaped from prison has decreased significantly. In 1997-98, there were 15 escapes from custody. Improvements in security, the establishment of case management and the introduction of the Intelligence and Investigations Unit and Police Corrections section has contributed to the reduced number of escapes. There were four escapes in 2010-11, and details of these escapes are as follows.

On 22 March 2007, a prisoner (Mr Griffiths) escaped from G4S officers following a Parole Board hearing. He broke free from a van and the prisoner was arrested two days later. On 7 April 2011, the same prisoner escaped from Emergency Response Group officers whilst under supervision by departmental officers at the Royal Adelaide Hospital. He was tackled by an Emergency Response Group officer before leaving the hospital grounds and was quickly returned to custody. I just want to say, briefly, that I want to commend those officers for their bravery.

On 8 April 2011, two prisoners were unaccounted for at a low security unit at Port Augusta Prison. The prisoners were recaptured and returned to custody on 11 April 2011. None of these escapes—none of them—were from inside a secure departmental prison perimeter. All three prisoners were charged with escape-related offences.

G4S is under contract to provide a range of custodial services including in-court management and prisoner movement. The contractor is required to provide monthly reports on all activities relating to the contract to the Crown's contract administrator through Strategic Planning Committee meetings. Numerous mechanisms are in place to ensure compliance with agreed processes and performance indicators.

The investigations into these escapes have now been completed. The investigation reports, including findings, have been submitted through the chief executive to the Investigations Review Committee. This committee will review the investigations and formalise action plans based on the findings to effectively manage any security, procedural and systemic issues.

Relative to the Parole Board escape, immediate steps were taken in relation to shortening the security chains on G4S vehicles and increasing the security of the sally port gates to ensure that they cannot be closed without being secured appropriately. In addition, all secure custody prisoners are now restrained whilst attending before the Parole Board. These actions were completed within seven days of the escape occurring.

Also, in response to the escape from the Parole Board, G4S has incurred a service debt of \$50,000. Following the escape from the Royal Adelaide Hospital, strengthening of practices with respect to the use and repositioning of restraints has been implemented. Additional security checks of the environment of individual hospital rooms are now undertaken to remove, wherever possible, items that may pose a threat to security.

In response to the escape from the low-security unit at Port Augusta Prison, a statewide review of prisoners in low-security open custody was undertaken and some amendments were made to some prisoner placements. G4S will be advised of the outcome of the DCS investigation and requested to respond to the findings as they relate to the South Australian Prisoner Movement and In-Court Management Contract.

The target for the government for escapes is zero. Anything above zero is unacceptable. This government—no government—would ever accept any safe number of escapes. It is completely unacceptable—completely.

**Mr GOLDSWORTHY:** Thank you for that answer, minister. I was listening to your answer very closely and, if I heard it correctly, a report has been completed on the attempted escapes by Drew Claude Griffiths.

**The Hon. A. KOUTSANTONIS:** Which escape are you talking about: the one from the hospital, the one from the Parole Board, or both?

**Mr GOLDSWORTHY:** All or any.

**The Hon. A. KOUTSANTONIS:** Yes, that's right.

**Mr GOLDSWORTHY:** Will you table that report in parliament?

**The Hon. A. KOUTSANTONIS:** No.

**Mr GOLDSWORTHY:** Why not?

**The Hon. A. KOUTSANTONIS:** Because the department does reviews into security constantly, and I am not going to make those public. What I will make public are the recommendations of that review, which I have just done for the committee. I am not going to let other prisoners know where we think there are lapses in security. Quite frankly, it is an irresponsible question. Am I to take it that if the Liberal Party were successful at the next election, you would release all reviews into security?

**Mr GOLDSWORTHY:** Come on!

**The Hon. A. KOUTSANTONIS:** Would you?

**Mr GOLDSWORTHY:** Come on!

**The Hon. A. KOUTSANTONIS:** Would you?

**Mr GOLDSWORTHY:** Do not make presumptions.

*Members interjecting:*

**The Hon. A. KOUTSANTONIS:** You have not asked a question all day; you have just sat there.

**Mr GOLDSWORTHY:** No, he has not.

**The CHAIR:** Would you like some government questions? We can have some more government questions, excellent. Member for Croydon, shall we have one of your questions?

**The Hon. M.J. ATKINSON:** No, I am happy to make this gathering overwhelmingly—

**Mr GOLDSWORTHY:** Let's get on with our questions.

**The CHAIR:** Order!

**The Hon. M.J. ATKINSON:** —an opportunity for the opposition to examine the government. That is why I do not ask questions—to give those questions to you.

**The CHAIR:** Are you quite sure?

**The Hon. A. KOUTSANTONIS:** Yes, I am positive; that is okay.

**The CHAIR:** Just checking.

**Mr GOLDSWORTHY:** In the same budget paper and same volume at page 105, can the minister provide the actions taken to prevent future prisoners attempting to escape from hospitals as a result of the attempted escape on 7 April from the Adelaide hospital?

**The Hon. A. KOUTSANTONIS:** Yes, I will re-read my last answer. This is the second time I have had to read out a question twice because you do not pay attention. Over the past 13 years, the number of prisoners who have escaped from prison has decreased significantly. In 1997-98, there were 15 escapes from custody. Improvements in security, the establishment of case management and the introduction of the Intelligence and Investigations Unit and Police Correction Section have contributed to the reduced number of escapes. There were four escapes in 2010-11. I have detailed these escapes already. None of these escapes was inside—

**Mr GOLDSWORTHY:** Let's just get to the escape from the hospital.

**The Hon. A. KOUTSANTONIS:** I have already done it. You just were not listening, so I am reading it out to you again, you dope. None of the escapes was inside a secure departmental prison. All three prisoners were charged with escape-related offences.

**Mr VAN HOLST PELLEKAAN:** Point of order. I think that it is beneath the minister to refer to any member of parliament as 'a dope', and I ask him to withdraw it.

**The Hon. A. KOUTSANTONIS:** No, I will not: he is. He has asked me the same question twice.

**The CHAIR:** This is interesting because I agree with you—certainly, on one level I agree with you: I do not think it is a particularly nice or, indeed, parliamentary thing to say about someone. Unfortunately, parliamentary debate and, indeed, the rulings of previous chairs and previous speakers have allowed this to occur. As the years go on, it would appear to me that parliamentarians are becoming more and more sensitive to the use of language in this chamber. I myself feel that 'dope' is not a particularly nice thing to say—

**The Hon. A. KOUTSANTONIS:** I will withdraw it.

**The CHAIR:** Thank you for doing that, but I have to say that, within the context of wider parliamentary debate, probably one could get—that is no reflection on you—away with such an appellation.

**Mr VAN HOLST PELLEKAAN:** I appreciate the minister's withdrawal.

**The Hon. A. KOUTSANTONIS:** I will re-read what I read out earlier. Also—

**The Hon. M.J. ATKINSON:** And substitute: 'A member who asks a question that he asked five minutes previously.'

**The Hon. A. KOUTSANTONIS:** Yes. The investigations into the escapes have now been completed. The investigation reports, including the findings, have been submitted through the chief executive to the investigations review committee. This committee will review the investigations and formalise such action plans based on the findings to effectively manage any security, procedural and systemic issues. I have dealt with the Parole Board escape; you have not asked about that.

Following the escape from the Royal Adelaide Hospital—which I read out earlier—strengthening of practices with respect to the use and repositioning of restraints has been implemented. Additional security checks of the environment of individual hospital rooms are now undertaken to remove, wherever possible, items that may pose a threat to security.

**Mr VAN HOLST PELLEKAAN:** Let me put very clearly on the record, minister, that zero would be the target of any future Liberal government for escapes as well.

**The Hon. A. KOUTSANTONIS:** You had 15 your last year when you were there.

**Mr VAN HOLST PELLEKAAN:** Zero would be our target as well. My next question is Budget Paper 4, Volume 4, page 18. Can the minister confirm how many, if any, new beds will be added to the prison system in this current financial year?

*Mr Whetstone interjecting:*

**The Hon. A. KOUTSANTONIS:** I just find it stunning that the member for Chaffey has just revealed a policy of the Liberal Party to have less prisoners. I would like a list of prisoners he wants released. Are they sex offenders, are they murderers, what are they?

**Mr VAN HOLST PELLEKAAN:** Point of order—

**The Hon. A. KOUTSANTONIS:** Tough on crime but less prisoners. You are a genius.

**The CHAIR:** Order! I would like to hear the point of order of the member for Stuart.

**The Hon. M.J. ATKINSON:** Point of order.

**The CHAIR:** No, you can be second, because the member for Stuart was first.

**Mr VAN HOLST PELLEKAAN:** Madam Chair, I believe the minister is misleading the house: the member for Chaffey has not commented on any future policy.

**The Hon. M.J. ATKINSON:** He just said it; you were not listening.

**Mr WHETSTONE:** I am not talking policy.

**Mr VAN HOLST PELLEKAAN:** I don't believe he said the word.

**The Hon. M.J. ATKINSON:** He said there would be fewer prisoners under a Liberal government.

**Mr VAN HOLST PELLEKAAN:** He did not comment on—

**The Hon. M.J. ATKINSON:** He did. I'm sorry, he just did.

**Mr VAN HOLST PELLEKAAN:** That may or may not be the case, but he certainly did not comment on any future Liberal government policy, member for Croydon.

*The Hon. M.J. Atkinson interjecting:*

**The CHAIR:** Order! I think that discussion is quite enough. I did not hear—

*Members interjecting:*

**The CHAIR:** Order! We are coming back to yours, don't worry. I did not hear the member for Chaffey's comments. The member for Chaffey has been quite active today with the muttered comments, so it is not surprising that I have not been able to hear it. I am sure he meant no harm. The member for Croydon.

**The Hon. M.J. ATKINSON:** The member for Chaffey just called the minister a dope. I am not very sensitive to the use of the term 'dope' but, given that the Liberal opposition just called for it to be withdrawn when it was used by the minister, I ask the member for Chaffey to withdraw his comment on the minister.

**The CHAIR:** Member for Chaffey, did you say that?

**Mr WHETSTONE:** I will withdraw the comment of calling the minister a dope but he needs to keep his remarks to himself, or his feelings.

**The CHAIR:** I think you will find that that is what we call a conditional apology, as opposed to an unconditional apology. That is kind of giving with one hand and taking away with the other.

*Members interjecting:*

**The CHAIR:** As the minister withdrew his comment without condition, so will you?

**Mr WHETSTONE:** I withdraw.

**The CHAIR:** Thank you.

*The Hon. M.J. Atkinson interjecting:*

**The CHAIR:** I think he has withdrawn.

*The Hon. M.J. Atkinson interjecting:*

**The CHAIR:** No, member for Croydon, I am happy; that has been withdrawn. Let us move on. Member for Stuart.

**Mr VAN HOLST PELLEKAAN:** How many new beds in this financial year, minister?

**The Hon. A. KOUTSANTONIS:** Which financial year?

**Mr VAN HOLST PELLEKAAN:** This current; so the one we are just entering.

**The Hon. A. KOUTSANTONIS:** By early 2013—

**Mr VAN HOLST PELLEKAAN:** This financial year.

**The Hon. A. KOUTSANTONIS:** This financial year there will be no extra beds.

**Mr VAN HOLST PELLEKAAN:** So, in this financial year will there be any doubling up or tripling up?

**The Hon. A. KOUTSANTONIS:** Of course. Absolutely. The government makes no apology whatsoever for having prisoners share two to a cell. The only people who have a problem with that is the Liberal opposition.

**Mr VAN HOLST PELLEKAAN:** Can the minister confirm the maximum or peak number of prisoners that were accommodated across the state's prisons in 2010-11, the last financial year?

**The Hon. A. KOUTSANTONIS:** In any one day?

**Mr VAN HOLST PELLEKAAN:** Yes, the highest number at any one point in time.

**The Hon. A. KOUTSANTONIS:** It was 2,065. That is the advice I have received.

**Mr GOLDSWORTHY:** Can you provide a breakdown of the male and female component of that figure?

**The Hon. A. KOUTSANTONIS:** Of the one I just read out?

**Mr GOLDSWORTHY:** Yes; the 2,065.

**The Hon. A. KOUTSANTONIS:** I will have to get back to you on that. I think I can give you today's; do you want today's?

**Mr GOLDSWORTHY:** Yes, sure.

**The Hon. A. KOUTSANTONIS:** Sorry; I will have to get that to you.

**Mr GOLDSWORTHY:** Can you also advise the breakdown of open and secure beds?

**The Hon. A. KOUTSANTONIS:** What do you mean by open and secure beds?

**Mr GOLDSWORTHY:** In the budget it talks about open and secure beds. I presume an open bed is, arguably, within the facility at Cadell. It is listed here in the budget, minister; it is your budget.

**The Hon. A. KOUTSANTONIS:** It is your question.

**Mr GOLDSWORTHY:** It is your budget; you should know it.

**The Hon. A. KOUTSANTONIS:** It is 297, as detailed in the budget paper, page 105. The answer is there.

**Mr GOLDSWORTHY:** I meant of the 2,065.

**The Hon. A. KOUTSANTONIS:** Page 105, Correction Services, Performance Indicators, Approved capacity, open. The 2011 target is 297. It is in there.

**Mr GOLDSWORTHY:** Yes, but that does not total 2,065, which is the figure you gave, which was the peak figure for the year.

**The Hon. A. KOUTSANTONIS:** That was the actual number of prisoners—

**Mr GOLDSWORTHY:** And that is what—

**The Hon. A. KOUTSANTONIS:** Do you want bed numbers?

**Mr GOLDSWORTHY:** Yes; open and secure beds.

**The Hon. A. KOUTSANTONIS:** 297.

**Mr GOLDSWORTHY:** No; that is your target for this year. The figure you provided before was 2,065, which was the peak figure—

**The Hon. A. KOUTSANTONIS:** Of prisoners, not beds.

**Mr GOLDSWORTHY:** Yes; for the last 12 months.

**The Hon. A. KOUTSANTONIS:** What are you after? Are you after bed numbers or prisoner numbers?

**Mr GOLDSWORTHY:** Male and female, and open and secure beds; two questions in the one sentence. If you need to get back to us, then get back to us.

**The Hon. A. KOUTSANTONIS:** No, I have given you my answer. That is the advice I have received.

**Mr VAN HOLST PELLEKAAN:** I refer to Budget Paper 4, Volume 4, page 140. Will the minister explain the \$600,000 increase in costs for the 14 extra beds at the Port Augusta Prison?

**The Hon. A. KOUTSANTONIS:** More staff, more food, more operating, more employment. I understand that we have increased the capacity at Port Augusta Prison.

**Mr VAN HOLST PELLEKAAN:** That is including staff and food, and looking after prisoners? It is not just a facility cost?

**The Hon. A. KOUTSANTONIS:** It also includes double ups as well.

**Mr VAN HOLST PELLEKAAN:** I refer to Budget Paper 4, Volume 1, page 105. Can the minister provide any updates on the additional prisoner accommodation at Mount Gambier, including the cost, number of beds, and date expected to be commissioned?

**The Hon. A. KOUTSANTONIS:** We have taken a lot of time with Mount Gambier, and we have done that deliberately. We wanted to complete a design process securing the necessary approvals, and the time the contractor has tendered to complete the building works is somewhat longer than was assumed in 2009. We are making some detailed investigations of the site of the expansion of Mount Gambier Prison by an additional 100 to 110 beds, so that requires an extension to the secure perimeter fences and a new kitchen construction to accommodate all the prisoners. So we are actually expanding the prison.

Preliminary geotechnical investigations have been completed. Because of the complexities and additional costs associated with this project—kitchen, perimeter fence and geotechnical issues—the project was reprioritised (which is code for delayed) and the Port Augusta Prison project was advanced ahead of this project. Also, we have commissioned a trial into modular accommodation at Cadell. Once that trial is complete, I want to use modular for the expansion of Mount Gambier Prison. I am waiting for the department to come back to me and say, 'We think modular can work. These are configurations we think we can get it at. Work out the scope of the expansion at Mount Gambier.'

Given what has happened with the pulp industry in the South-East, it is important that we give them as much investment as we can down there. It is a good way of getting some employment, and I think if everything winds up nicely we could have a 100 to 110-bed facility there very quickly. I do not have any time lines for you, but the moment I do, I will come back to the committee.

**Mr VAN HOLST PELLEKAAN:** Obviously we are aware of the upgrade underway at Port Augusta. Would it be fair to assume that future upgrades that have not yet been specifically planned are more than likely to be made up of the six-cell container units if that trial is successful?

**The Hon. A. KOUTSANTONIS:** Not exclusively. There has to be a redundancy in the system and what I mean by that is we need to have somewhere that has traditional builds, but I think modular is definitely the way of the future. Philosophically, some people are opposed to it because they think containers are inhumane. The truth is that, once you have a look at them, you can make up your own mind. I do not want to put words into your mouth but I think you will find that they are more than acceptable.

I think it is the way of the future. The amount of time it takes us to prefabricate these things, drop them on a foundation and have them up and running is super fast compared to what it takes to do a traditional build.

**Mr VAN HOLST PELLEKAAN:** Is there any impact on staffing numbers in terms of ratio?

**The Hon. A. KOUTSANTONIS:** No.

**Mr VAN HOLST PELLEKAAN:** It takes the same number of corrections officers to look after the same number of prisoners?

**The Hon. A. KOUTSANTONIS:** This is not a staff saving; this is a construction saving.

**Mr VAN HOLST PELLEKAAN:** So no impact on employment because, as you mentioned before, all over the state—and certainly for me at Cadell and Port Augusta—these institutions are exceptionally important employers.

**The Hon. A. KOUTSANTONIS:** We are rapidly expanding in Corrections. I do not know how Mr Whetstone is going to achieve his reduction of prisoner numbers unless—

**Mr WHETSTONE:** Target crime, not spin.

**The Hon. M.J. ATKINSON:** What you will do is you will just let them off.

**Mr WHETSTONE:** You're saying that; they are your words.

*Members interjecting:*

**The CHAIR:** Order!

**The Hon. A. KOUTSANTONIS:** The tougher your law and order policy is the more prisoners you get, and the more prisoners you get, the more you have to house. It is getting very, very expensive to house prisoners. Modular is the way of the future. The only way I know of

reducing prison numbers is to liberalise laws or to release them early, and that is not a policy this government will be adopting.

**The CHAIR:** There being no further questions, I declare the examination of the proposed payments concluded.

There is one comment that I would like to make quite unusually in this particular situation. I have noticed today in particular—and I am not referring to anybody specifically in this chamber now—that whenever I rule assertively on something I am subject to comments, be they muttered or quite open comments, about being an 'autocratic schoolteacher' and references to being in school, etc. I am an assertive moderator. I am proud of what I do here and I suspect that, if I were a man, I would not be the butt of such comments. I find it disrespectful, I find it belittling and it undermines my role and that of the chair, so that might be something for people to read in the *Hansard* and take note of. Thank you for your courtesy in listening to that brief comment.

At 16:18 the committee adjourned until Tuesday 5 July 2011 at 10:00.