

HOUSE OF ASSEMBLY**Friday 22 June 2012****ESTIMATES COMMITTEE A****Chair:**

Mr T. Piccolo

Members:

Hon. S.W. Key

Ms Z.L. Bettison

Mr M.L.J. Hamilton-Smith

Mr S.S. Marshall

Mr L.K. Odenwalder

Mr T.J. Whetstone

*The committee met at 9:00***DEPARTMENT FOR MANUFACTURING, INNOVATION, TRADE, RESOURCES AND ENERGY,
\$86,228,000****ADMINISTERED ITEMS FOR THE DEPARTMENT FOR MANUFACTURING, INNOVATION,
TRADE, RESOURCES AND ENERGY, \$959,000****Witness:**

Hon. A. Koutsantonis, Minister for Manufacturing, Innovation and Trade, Minister for Mineral Resources and Energy, Minister for Small Business.

Departmental Advisers:

Mr G. Knight, Chief Executive, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr L. Worrall, Deputy Chief Executive, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Ms E. Ranieri, Deputy Chief Executive, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Ms A. Allison, Director, Corporate Services, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr S. Ward, Executive Director, Investment Trade and Strategic Projects, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr P. Polychronopoulos, Chief Finance Officer, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr L. Piro, Executive Director, Manufacturing and Innovation, Department for Manufacturing, Innovation, Trade, Resources and Energy.

The CHAIR: Before I declare the vote open, I just remind members that, because of the temporary nature of the microphones, they are on all the time, so your conversations can be heard throughout the whole building at any time. I declare the proposed payments open for examination.

The estimates committees are a relatively informal procedure. Changes to committee membership will be notified as they occur via a request to be discharged form. There is no need to stand to ask or answer questions. There will be a flexible approach to giving the call for asking questions based on about three questions per member alternating each side. Supplementary questions will be the exception rather than the rule.

A member who is not part of the committee may, at the discretion of the Chair, ask a question. Questions must be based on lines of expenditure in the budget papers and also must be

referenced prior to asking the question. All questions are to be directed to the minister, although the minister can then seek an adviser to answer on their behalf.

Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*. All answers to questions taken on notice must be submitted to the committee secretary by no later than Friday 21 September 2012. There is no formal facility for the tabling of documents; however, documents can be supplied to the Chair for distribution to the committee. I also advise that, for the purpose of the committee, television coverage will be allowed, if they so desire.

I understand that the minister and the lead speaker for the opposition have agreed on a timetable for today's proceedings. I propose to allow both the minister and the lead speaker for the opposition to make an opening statement, should they so desire, for up to 10 minutes. Minister.

The Hon. A. KOUTSANTONIS: I would like to make a brief opening statement, if I could.

The Hon. S.W. KEY: Good gender balance, for a change.

The Hon. A. KOUTSANTONIS: Yes, ma'am; you have taught me well. Before I explain the scope of important activities being undertaken in my portfolios, let me first remind the committee why the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) was established.

The Premier established DMITRE when he came to office in October, bringing together into one agency functions to:

- develop our state's resource sector;
- with functions to help build local capabilities to service the resources sector, grow manufacturing and mining together; and
- position the state to capitalise on emerging and innovative manufacturing opportunities in areas such as clean technology.

DMITRE brings into one agency: the former Department of Trade and Economic Development; the Minerals and Energy Resources group, formerly of the Department of Primary Industries and Resources South Australia; the energy division of the former Department of Transport, Energy and Infrastructure; and the RenewablesSA team from within the Department of the Premier and Cabinet. The key economic functions of government are brought together in one agency. DMITRE's roles and functions correspond with my portfolios of manufacturing, innovation and trade; mineral resources and energy; and small business.

The department leads government and community efforts to achieve 11 targets in the South Australia's Strategic Plan, including everything from total exports and business investment to minerals exploration and energy efficiency. Establishing this agency has been the next step in what has always been a strategic approach by the South Australian Labor government since it came to power in 2002.

We have come a long way since 2002. Long gone are the business welfare policies of the past. Unfortunately, the previous government spent tens of millions of dollars on wasteful grants to lure ill-fated business ventures, including Galaxy TV, Motorola and a J.P. Morgan call centre, to this state. In vast contrast to that, this government has brought a stronger and more resilient South Australian economy through strategic investment in infrastructure and industry sectors with the potential to drive sustainable economic growth. We are building on strengths in advanced manufacturing, our resources sector, clean technologies and renewable energy, including wind energy and solar power—all sectors that can contribute to long-term stability for the state's economy. In 2012-13, this proven approach continues.

We know we are on the right track because: business investment reached \$11.275 billion in the year to the December quarter 2011; private new capital expenditure remains at near-record levels of \$5.5 billion in the year to December 2011; spending on mineral exploration in South Australia just hit a four-year high; and our goods exports are continuing to outpace the national average, rising 8.8 per cent in the 12 months to April 2012, valued at \$11.7 billion in the 12 months to April 2012.

The manufacturing, innovation and trade portfolio takes in activities that this government has identified as being among our top seven priorities. Growing advanced manufacturing in South Australia will help us maximise the benefits of mining and other major projects in the state, continuing our focus on priorities with long-term benefits. An advanced or high-value manufacturing

sector will drive productivity and innovation across all our industries and our whole economy. It will enable us to capitalise on opportunities related to the mining boom and opportunities emerging in China, India and across the rest of Asia.

Why does manufacturing matter? It matters because it adds value to our raw materials. It is the largest spender on research and development across OECD countries. It is the key driver of innovation and productivity growth across advanced economies as well as developing economies. It is the largest sector of world trade. It is the highest consumer of knowledge-intensive services and, because of its strong linkages to agriculture, resources and services, manufacturing is considered to support between two to five jobs for every one direct job in manufacturing. It is no exaggeration to say that if you want to be part of the international knowledge economy then a strong manufacturing sector is not optional, it is mandatory.

Growing advanced manufacturing will: create jobs because we will be able to supply locally-developed goods and services to major project proponents; attract and retain innovation entrepreneurs, which is essential to developing leading-edge technologies and services; boost our goods exports to emerging economic powers requiring specialised goods to support their economic growth; and attract investment, because we will become renowned as a highly-skilled state capable of providing technical skills to support delivery of major projects, particularly in the mineral resources sector.

DMITRE is setting a path to realise these outcomes. The first challenge for DMITRE has been to work with industry to support an internationally-competitive manufacturing sector that is prepared to bid for work here and abroad.

This is a sector representing more than 10 per cent of the state's economy, but which is facing unprecedented challenges. South Australian manufacturing is small-scale in the global context and operates in a high wage, high dollar environment. To survive, manufacturing must become a highly skilled, innovative and adaptive local industry. We must build on our manufacturing strengths; for example, in mining-related manufacturing and services, agri-food, clean technology, medical devices and defence. To do this, we must work with our manufacturers to innovate, collaborate, and draw on skills and specialist expertise to develop unique products and services that are indispensable and focused on customer demands. We believe that DMITRE has made significant progress already.

Drawing on the insights of former Thinker in Residence Professor Göran Roos, the department is developing an advanced manufacturing strategy. In March, a manufacturing green paper was released to stimulate discussion and feedback from industry and business. This green paper and the feedback it generated (about 30 submissions were received) will guide the development of our advanced manufacturing strategy, scheduled for release in August. The state budget includes \$8.3 million over four years to implement this strategy. This will support the creation of the mining industry participation office (to be established this year) and work to gather industry intelligence and map capabilities so that we have strategic information about South Australian manufacturing and opportunities ahead. The Advanced Manufacturing Council, which we have already established, being chaired by Professor Roos, will monitor how this strategy is implemented.

In terms of automotive, regarding implementing the strategy, we have taken urgent action to secure the skills and workforce required to build strength in manufacturing. This government has helped secure the future of the General Motors Holden Elizabeth plant. On 22 March 2012, the commonwealth government and the South Australian and Victorian governments jointly announced a \$275 million package for Holden to build two new vehicles at Elizabeth.

In keeping General Motors Holden here, we have ensured that we will retain a high-tech platform for other industries, as part of a global supply chain, and avoid the loss of \$1.5 billion to the South Australian economy each year as well as the closure of the Elizabeth plant, which would lead to the loss of up to 16,000 jobs. Importantly, these negotiations have also resulted in Holden working with the South Australian and federal governments to position the state's automotive sector within the GM global supply chain. So, with our efforts firmly focused on building local industry capacity, it is vital that our policies provide opportunities for local industry to bid for works—works linked to our \$109 billion in major projects.

I am pleased to announce today that state cabinet this week adopted the South Australian government's new industry participation policy. This new policy strengthens requirements for major project proponents to provide full, fair and reasonable opportunities for local suppliers to compete

for work. It means that successful tenderers and major project proponents will need to identify and report on how they will ensure local suppliers will be provided opportunities to compete for work.

This is forecast to provide a fivefold increase in the financial benefits to the state as compared to the existing policy. When it comes into effect on 1 July 2012, it will apply to: all government procurement of goods and services (worth over \$5 million in metropolitan Adelaide or \$3 million in regional areas); projects which have major development status or are subject to indenture agreements; public-private partnerships; projects receiving significant government support; and federally funded infrastructure projects managed by the state government.

The Industry Capability Network SA (ICN SA)—a unit within DMITRE, part of a national network of offices—can assist major project proponents to tap in to local capabilities to meet these requirements. This business unit will also oversee and monitor how this policy is implemented.

Our engagement with small to medium enterprises is not just limited to the ICN. I can also announce today that the state government will be funding Innovyz START in Adelaide, reinforcing South Australia's leadership in the commercialisation of new products and services. Innovyz will deliver three-month programs designed to help start-ups, existing businesses and entrepreneurs with innovative ideas to get started and grow.

Modelled on an accelerated program (founded in the USA) the Innovyz START program uses the expertise of highly experienced mentors from a diverse range of fields. At the end of the three-month program, businesses are given the opportunity to pitch to investors and venture capitalists the chance to receive financial backing to help them continue to grow. To encourage South Australian companies to develop innovative products and services, the state government will be providing \$300,000 per annum in 2012-13 and 2013-14 towards this initiative. The accelerator program has a record of proven success overseas and this, once again, demonstrates our commitment to supporting innovative small to medium size enterprises.

As I said, when funding for Innovate SA was discontinued, as was recommended as part of the 2010-11 state budget savings measures, we were still working with small to medium size enterprises through this new program and will continue to do so as we implement the advanced manufacturing strategy. In the meantime, I am advised that DMITRE is finalising with Innovate SA the handover of programs and services, a number of which will continue beyond 30 June. I have more to say but I will do that during questions.

The CHAIR: Thank you. Member for Norwood, you are lead opposition spokesperson.

Mr MARSHALL: That is correct.

The CHAIR: You can make a comment or you can start questions, it is up to you.

Mr MARSHALL: Clearly, there has been the formation of a new government department, bringing together different services from different (past) departments, so I apologise in advance that many of my questions today are more technical, trying to work out what is where, rather than anything too sensational. Hopefully, that will be fine. My first question relates to overheads. In the previous DTED structure we had program 7, which was corporate governance. In the new budget it is not clear where the overheads of the department are located. I presume they are incorporated into each of the four separate programs. I am wondering if you can advise whether my assumption is correct, and on what basis was that allocation of overheads made between the four separate programs?

The CHAIR: Which page would you like to reference this question to, member for Norwood?

Mr MARSHALL: The one that we are dealing with, which is Budget Paper 4, Volume 3, page 82.

The Hon. A. KOUTSANTONIS: I am advised that is consistent with Treasury policy. It is based on advice from Treasury about how we should allocate resources.

Mr MARSHALL: Which is what?

The Hon. A. KOUTSANTONIS: On an FTE basis.

Mr MARSHALL: So, where are the overheads allocated then? Just to clarify, in the budget that was set for this financial year—I am not trying to be difficult, I am trying to understand the way the budget is set up—\$8.5 million was allocated to corporate governance. I just want to know, in the revised budget, how that \$8.5 million of overheads has been allocated across the four programs which exist. I presume, for example, those three would go across, just three of the

programs, programs 1, 2 and 4, of the new budget, and I want to know the basis of the allocation of the \$8.5 million worth of overheads.

The Hon. A. KOUTSANTONIS: I invite my chief executive to give an answer.

Mr KNIGHT: Departmental overheads, in accordance with Treasury's preferred approach to these things, are now allocated to the actual programs. The basis on which we allocate overheads across the programs is based on an FTEs by program, so there is a mapping. Under the former DTED, they were shown as a separate program on their own. They are still there, but they are allocated to programs in accordance with accounting policy.

Mr MARSHALL: Can you provide details of that overhead by the three programs?

The Hon. A. KOUTSANTONIS: I will provide that on notice.

Mr MARSHALL: The original budget for this area for, whatever you want to call it, overheads, corporate governance, or whatever, was \$8.5 million and I want to know how that has been allocated between programs 1, 2 and 4, how many FTEs are included and what the budget for that is?

Mr KNIGHT: I am happy to take that on notice, but just to let you know that it will not be the same as last year's figure because during the year the size of the department has increased substantially. The overheads, as published last year for the former DTED, were for an agency of about 120 FTEs and the agency is now three to four times that size because it has had substantial transfers in from other portfolios. So it will not be directly relatable back to last year's figure but, nevertheless, we can provide it.

Mr MARSHALL: Would it be fair to assume that the 8.5 would be allocated over programs 1, 2 and 4? Obviously, program 3 is going to come in from PIRSA and any overheads associated with those. But, really, what I would like to track is what the overheads associated with programs 1, 2 and 4 are.

The Hon. A. KOUTSANTONIS: We will provide that information, Mr Chair. We do not have that here.

Mr MARSHALL: My next question relates to program 1, manufacturing and innovation, on page 84. Can the minister outline what programs or methodologies will be used to allocate the grants and subsidies line for next financial year, set at \$6.2 million? Really, I am trying to find out: are they specific programs and, if they are not programs, what would be the basis of the allocation of the residual under grants and subsidies?

The Hon. A. KOUTSANTONIS: I will give you a more detailed answer on notice, but the main costs are the Strategic Industry Development grants scheme (SIDF), SESAIIF (South East South Australia Innovation and Investment Fund), Partnering (which is Cleantech), Eco-Innovation (Cleantech), business sustainability and advanced manufacturing strategy bilaterals. I will get you a complete list of all of that, but I cannot do it today. We will take it on notice for you.

Mr MARSHALL: Those grants that you have outlined, they make up the \$6.2 million?

The Hon. A. KOUTSANTONIS: I am advised that that is the bulk of it, but I will get you a detailed list.

Mr MARSHALL: Are there any discretionary allocation of grants and subsidies from that line item and what is the basis? As a department, do you have an opportunity each year, for example, as things come along rather than having to wait for another program, and, if so, can you tell me what that discretionary amount is? I do not want to know who it is allocated to or anything complex, I just want to know whether you have a discretionary and how much it is, as it were?

The Hon. A. KOUTSANTONIS: I am advised that there is no independent discretionary fund for the minister to allocate towards strategic investment, but we do often allocate in advance for incoming programs which leaves a bit of headroom for things that may come up. I will get you a detailed list of that.

Mr MARSHALL: I will go back to page 82 as my reference, but in 2011—

The Hon. A. KOUTSANTONIS: Sorry, member for Norwood, I am advised that the SIDF can sometimes within a framework be a discretionary fund, but it is usually allocated and based on advice from the department.

Mr MARSHALL: That is an allocated fund, anyway, and you have got discretion to allocate against that fund. What I am wanting is a breakdown of all the funds, and whether there is a discretionary amount if something comes up. I would like to know that.

The Hon. A. KOUTSANTONIS: Sure.

Mr MARSHALL: Last year the old department (DTED) paid out TVSP payments of \$4 million. Are there any further TVSP payments in this current financial year and are there any allocated for the next financial year?

The Hon. A. KOUTSANTONIS: I am advised from the department that, thus far, two offers have been accepted.

Mr MARSHALL: In this financial year?

The Hon. A. KOUTSANTONIS: Sorry, for the coming year.

Mr MARSHALL: That is two for the coming year; and how much was paid out in this financial year?

The Hon. A. KOUTSANTONIS: I want to get this right. I am advised that, as of 6 June 2012, DMITRE had a total of two people separating by accepting an offer of a targeted voluntary separation package. Details of separations are that two offers were accepted. The separation date for both those offers was 6 July. The separation amounts were \$136,875 and the leave payment amount gross was \$58,240. The gross TVSP payments have been reimbursed from a fund managed centrally from the Department of Treasury and Finance. The leave provision was paid by DMITRE from reserves previously accumulated and held for the payment of leave liabilities.

Three TVSP separations are anticipated early in the 2012-13 year. Two employers of the former DTED who will be surplus to DMITRE requirements after June 2012 were offered a TVSP. They accepted in May 2012 and will separate on 2 July 2012 and 6 July 2012 respectively. I am also further advised that one former PIRSA Minerals and Energy Resources Division employee who was surplus to DMITRE requirements from 1 May 2012 will be offered a TVSP—

Mr MARSHALL: That is not my portfolio, anyway.

The Hon. A. KOUTSANTONIS: —this is for the entire department; I do not want to mislead you in any way—in July 2012 and, if the offer is accepted, will separate by the end of the first quarter of 2012-13. If there is any supplementary information that adds to the accuracy, I will deliver it to the committee.

Mr MARSHALL: In your most recently published annual report—and I know this is DTED and not DMITRE—it did state that you had 33 excess staff at the time of writing the last annual report. Can you update the committee as to programs 1, 2 and 4 (we are dealing with 1 and 2 at the moment) and whether their excess staff have remained, what they are doing, and what the cost of them annually is?

The Hon. A. KOUTSANTONIS: I am advised that all redeployees are involved in meaningful work within the department. There is no special room where they are sitting watching TV; they are all working. I am advised that by 30 June 2012 in DMITRE 16 staff will have been managed in accordance with redeployment principles. Of these, four are replaced in term contracts in DMITRE, seven are placed in term contracts and other government agencies, two are on long-term leave, and three are anticipated to exit via a TVSP early in the new year.

Mr MARSHALL: The 33 is down to 16, of which all are fully—

The Hon. A. KOUTSANTONIS: I just said, yes; two are on long-term leave—I am advised that what you said is accurate: 33 down to 16.

Mr MARSHALL: So in those two programs there are still 16 excess staff. They are not being wasted, but they are still excess to requirement.

The Hon. A. KOUTSANTONIS: I am advised that it is not through the program but across the entire department.

Mr MARSHALL: But the department has amalgamated with another function, so are you saying 16 across the entire new DMITRE, because there were 33 just for DTED, and now there is 16 for the entire DMITRE?

The Hon. A. KOUTSANTONIS: I am advised that, of the 33 you initially talked about, 16 are spread across the entire department of DMITRE.

Mr MARSHALL: Can I ask a question of clarification: they are redeployed to other tasks, but are there costs and is their full-time equivalent allocated to individual programs within your department even though they might be transferred to another department? So, if we look at manufacturing and innovation—it says 43.3—could 16 of those be—

The Hon. A. KOUTSANTONIS: We will identify, on notice, where all those positions have been redeployed to, for you.

Mr ODENWALDER: I refer to Budget Paper 4, Volume 3, page 84. Can the minister expand on the government's approach to local industry participation in our major projects?

The Hon. A. KOUTSANTONIS: I can. South Australia now has \$109 billion in major projects underway and in the pipeline across our state. This presents an unprecedented opportunity for local companies to contribute to the delivery of these projects. The government is committed to ensuring all South Australians benefit from these major projects, and for this reason it is implementing a range of measures to improve opportunities for local businesses.

I am pleased to announce today a further step towards spreading the benefits of this pipeline of major projects across our economy and to all South Australians. This week the government has adopted a new IPP for South Australia. This policy will provide local businesses with a greater opportunity to secure work that contributes to the delivery of our major projects.

Our new policy, which will come into effect on 1 July 2012, will strengthen requirements for major project proponents to provide full, fair and reasonable opportunities for local suppliers to compete for work. It builds on this government's support for business and targets small to medium enterprises, which are the vast majority of local suppliers of goods and services.

It means that successful tenderers and major project proponents will need to identify and report on how they will ensure local suppliers will be provided with reasonable opportunities to compete for work. The flow-on effect of this will be more jobs linked to our major projects and a stronger economy that will be felt throughout the state. That means better job security and stability for South Australian families.

We know this because the new Industry Participation Policy is forecast to provide a fivefold increase in financial benefits to the state as compared with the existing policy. In particular, it will help the state realise the benefits of the mining boom and create opportunities to promote and grow our capable firms in all sectors, but especially in manufacturing. This does not benefit just our small to medium-sized enterprises; major project proponents will stand to gain as well. It is often more cost effective to use local businesses with strong local knowledge.

We are so confident in our decision to introduce this policy because it is backed by professionals across a range of industries and across government. It is a result of extensive consultation, and responds to a call from the EDB to review the Industry Participation Policy and to introduce greater accountability for large projects.

We know from former thinker in residence Professor Roos that taking this step is consistent with an increasing trend for jurisdictions to use public procurement as a tool for achieving industry innovation and research policy objectives. Importantly, the proposed changes have received endorsement from the Australian Industry Group's State Director Stephen Myatt, who called it 'a vast improvement on existing policy'.

Mr HAMILTON-SMITH: Hear, hear.

The Hon. A. KOUTSANTONIS: Thank you; I acknowledge the opposition's full-blooded support for this. But what does this mean in terms of the policy scope? Value for money remains the key criteria for government procurement; however, the new IP policy broadens the range of projects in scope. It now also covers contracts of goods and services, while lowering the commencement threshold for regional projects. It also introduces a tiered approach to ensure compliance costs are appropriate for the size of the contract. The new policy will apply to:

- South Australian government procurement of goods and services, including infrastructure and construction, with a value of over \$5 million in metropolitan Adelaide and over \$3 million in regional centres (previously this was \$5 million statewide);
- all public-private partnerships;
- federally-funded infrastructure and construction projects managed by the South Australian government;

- private sector projects receiving significant South Australian government support—that is, over \$2.5 million in cash or in kind—or an indenture agreement; and
- projects seeking major development status under section 46 of the Development Act 1993.

Importantly, the new policy will apply a minimum weighting of 2 per cent to Industry Participation Plans in the tender evaluation stage—although agencies may choose to increase this if this is appropriate—and requires substantially increased accountability and transparency. Reporting on the implementation of the IPP will be a contractual obligation for successful tenderers and recipients of government support.

Through the introduction of the new policy, the South Australian government aims to not only assist local businesses but to show project proponents how they can benefit from engaging with our innovative and world-class industry. This new policy will capture billions of dollars worth of government procurement, including major projects in goods and services, including:

- the purchase of goods worth \$50 million for the new Royal Adelaide Hospital. The building of the hospital is actively complying with the existing IPP; however, procurement of the goods was not captured, as a previous policy covered only construction and infrastructure projects;
- the panel contract phase of purchase of buses, IT and maintenance services, just to name a few, that were not captured by the previous policy;
- the Tonsley Park redevelopment; and
- government investment in The Parks Community Centre, traffic-related infrastructure, expansion of the Techport Common User Facility, expansion of the Adelaide Entertainment Centre's park-and-ride, and the upgrade of the Goodwood and Torrens rail junctions in partnership with the commonwealth.

While some of these may have been covered by the existing policy, the greater transparency, rigour and reporting will all provide greater opportunities for South Australian companies, particularly small and medium-sized enterprises.

The \$215 million commonwealth grants to General Motors Holden, together with the South Australian government's \$50 million contribution, will include requirements to develop and diversify local suppliers, which is consistent with the requirements of the new IPP—

Mr HAMILTON-SMITH: Is that a handout minister? You said in your opening remarks that there were no handouts.

The Hon. A. KOUTSANTONIS: —right—we are currently working with the federal government to finalise these requirements. BHP Billiton's Olympic Dam Expansion Indenture includes commitments to develop an industry and workforce participation plan consistent with the overall aims of the Industry Participation Policy. Importantly, this new IPP will capture all future projects where the government negotiates an indenture agreement with the project proponent.

The new policy will take effect from 1 July this year, and information about the new policy will be available on the ICNSA website later today. The ICNSA is the state government's key agency for facilitating local industry participation in major projects, and is located within DMITRE. ICNSA will assist tenderers in locating local suppliers and provide templates to assist in the development of Industry Participation Policy plans. This is one of the most important steps forward in securing opportunities for local businesses, and I look forward to seeing how our talented and entrepreneurial small firms leverage this opportunity.

Mr MARSHALL: Thank you. Minister, just on the ICNSA, how many people work in that unit, and is that the one that receives some commonwealth funding? Is that the \$200,000 of commonwealth revenue referred to under program 1 on page 84?

The Hon. A. KOUTSANTONIS: We will give you some more information on notice, but I am advised that, obviously, as you know, the key objective of the ICN is to facilitate links, knowledge transfer and process capability in the supply chain to maximise local content and replace imports on major projects. You asked how much commonwealth funding—

Mr MARSHALL: I just wanted to know—I presume this is under program 1—how many people worked in it, is this the one which has a commonwealth funding component, and is that the \$200,000 referred to on page 84?

The Hon. A. KOUTSANTONIS: I am getting you that information. It is also linked to a national network of offices in Australia and New Zealand. I am advised that DMITRE have eight permanent staff within the ICN, and we receive a commonwealth grant of \$200,000, I am advised, to assist with procurement related to the Olympic Dam indenture. It has been operating for over 25 years and is supported by employer organisations such as the Ai Group and unions. I am advised it has facilitated over \$218.5 million worth of contracts in 2010-11 for Australian suppliers, with \$189.2 million of these to South Australian companies.

ICNSA has achieved over \$170 million (year to date 31 March 2012) worth of contracts for Australian suppliers. New work created by securing contracts for SA companies in major projects, as you know, provides opportunities for automotive and general manufacturing suppliers to diversify. I am advised it has a database of résumés for over 5,500 companies in South Australia, and over 48,000 companies across Australia and New Zealand.

Mr MARSHALL: You mentioned the industry participation policy; do those eight people look after that, or is that a different policy group attached to the ICNSA? I am just trying to work out whether the eight people are the officers who are actually doing that work you have identified or are the ones doing the IPP, or whether they are two separate groups.

The Hon. A. KOUTSANTONIS: I am advised that the eight FTEs within the ICN will be responsible for applying the new IPP policies to procurement.

Mr MARSHALL: So are there any additional people out of the 43 in program 1 who deal with the IPP, or is it just the eight in the ICNSA?

The Hon. A. KOUTSANTONIS: I am advised that eight of the 43 people you are talking about will be working within the ICN; we are recruiting more FTEs towards that. I do not have any concrete advice about that now, but I can get that back to you on notice.

Mr MARSHALL: Okay. Just on page 84 of that same program—Other income: 162. Can you advise where that comes from and what it is allocated to?

The Hon. A. KOUTSANTONIS: I am advised that it is actual income from Austrade, through renting a premises.

Mr MARSHALL: Austrade is renting premises in Adelaide, presumably?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: So, you have the rent charge which is going across the four programs and then part of that has been rented out to Austrade and that is spread presumably across those four programs?

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

Mr MARSHALL: Just while we are on rent—thanks for raising it—can you advise the committee on your occupancy of The Conservatory and I understand that you have rented out—

Mr HAMILTON-SMITH: It is very flash.

Mr MARSHALL: I have never seen it actually; I am sure it is very nice.

Mr HAMILTON-SMITH: The most expensive floor space in the state.

Mr MARSHALL: Well, they deserve the best, I am sure. Was there any underutilised space this year and, if so, at what value? Is there projected to be any underutilised floor space next financial year, and, if so, what cost will that be? I do not need to know what you have actually sublet out, because that is obviously not dead rent—just if there was any dead rent this financial year, whether there will be any next financial year and what the value of that would be.

The Hon. A. KOUTSANTONIS: I am advised that, over a 15-year term, the net present value of the former DTED moving to The Conservatory was \$1.6 million less than the option of refurbishing the former DTED's Terrace Towers and Pirie Street offices. Actual costs for the fit-out project to 31 August 2011 were \$4.965 million which is now \$96,000 below the budget of \$5.061 million. This is the final cost estimate for the project, I am advised.

Whilst the former DTED had leased five floors of The Conservatory (4,051 square metres audit confirmed net lettable area), only 4.5 floors (3,661 square metres audit confirmed net area) were fitted out and occupied as of 1 July 2010. The former DTED restructure in 2010 identified that one floor should be vacated due to the reduction in staffing levels. As a consequence, level 6 (812 square metres) has been subleased to SA Health until mid-2014, I am advised.

The former DTED secured a tenant (Austrade) for up to 300 square metres of the 390 square metres of vacant space on level 5. The net rental cost of The Conservatory (not including outgoings) taking into account the rental increases and subleasing is \$1.628 million for 2011-12. The rate as of July 2011 is \$478.40 per square metre per annum indexed by 4 per cent as of December each year.

Mr MARSHALL: Actually, my question was really about the cost of the floor space that is unoccupied to the department both this year and next financial year, but thank you for that other background information.

The Hon. A. KOUTSANTONIS: I think I gave it to you in the answer, but I will double-check. I gave you the rate as of July 2011, which is \$478.40 per square metre per annum, indexed by 4 per cent. That is the cost per square metre. That is what you were looking for, weren't you?

Mr MARSHALL: No. I said, 'Could you please tell us what was the amount of rent that was paid for space that was unoccupied?'

The Hon. A. KOUTSANTONIS: I am advised that, of the 390 square metres on level 5, 300 square metres of that has been taken up by Austrade, which means 90 square metres remains vacant at that rate.

Mr MARSHALL: So, there is 90 square metres that remains vacant for the next financial year, but what was the total amount of what we call dead rent for the current financial year—unless the deal with SA Health happened on 1 July?

The Hon. A. KOUTSANTONIS: We will get you a detailed answer because I do not want to mislead you and the committee.

Mr MARSHALL: Going forward, though, did you say there is 390 square metres that is unoccupied?

The Hon. A. KOUTSANTONIS: No, 90 square metres.

Mr MARSHALL: That is very good. So, just 90 square metres going forward, and this year you had a larger amount but you have successfully subleased to Austrade and SA Health, but we would really like to know what the metreage was and at what date so that we can calculate it.

The Hon. A. KOUTSANTONIS: I will get you all those details.

Mr MARSHALL: Thank you. I will ask some questions about the Advanced Manufacturing Council. Earlier in your presentation today you stated that the Advanced Manufacturing Council had been established. I was advised that this would need to be established as an act of the South Australian parliament, but that may not be correct. Can you clarify whether or not there needs to be an act of the South Australian parliament to create this, when that is likely to happen and why we need to create an act of parliament to do this? I am also interested on your thoughts as to how this group differs from the Manufacturing Consultative Committee that it replaces, which did not have an act of parliament.

The Hon. A. KOUTSANTONIS: I will start off by saying that one of our government's key priorities is growing advanced manufacturing in this state. To achieve this, we established the Advanced Manufacturing Council to drive the development and implementation of policies, strategies and programs to support the growth and international competitiveness of South Australia's manufacturing sector.

Currently, the Advanced Manufacturing Council is a non-statutory body that provides high-level strategic advice to the Growing Advanced Manufacturing Cabinet Taskforce and to myself as the minister. As you would know, the former manufacturing thinker in residence, Professor Göran Roos, has agreed to chair the council. He has also been invited to provide specialist advice to the Prime Minister's Taskforce on Manufacturing about how Australian manufacturing can remain internationally competitive in a high-cost environment.

Obviously we anticipate a number of positive benefits arising from a direct link between South Australia's Advanced Manufacturing Council and the federal task force. Members of the council so far are: Stephen Myatt; Nixon Apple, who is from the AMWU; Donald McGurk, Managing Director and CEO of Codan; and Jonathan Law.

Mr MARSHALL: Who was that last one?

The Hon. A. KOUTSANTONIS: Jonathan Law, Director, Minerals Down Under Flagship at the CSIRO. Also, the department is considering how best to legislate to make it a statutory body, and I will have more advice for the house at a later date about it.

Mr MARSHALL: Does the Advanced Manufacturing Council have a budget and, if so, what is that budget? I presume there is a sitting fees budget, but is there a budget for people that support the AMC, and what is that budget? The third component is: do they have any discretionary funds for programs out of that \$8 million that you announced earlier, or is that more for the department?

The Hon. A. KOUTSANTONIS: I am advised, leading up to 30 June, that the costs were absorbed by DMITRE. Post 30 June it will be part of the \$8 million funding loan.

Mr MARSHALL: What are those costs going forward?

The Hon. A. KOUTSANTONIS: We have not broken them down yet. I can get you a detailed answer later. I cannot guarantee that it will be as quick as the other answers because it will be an ongoing evolution. Ultimately, we would like the council to guide us in the coming 24 months about how best to use that funding. So, to give a breakdown now might be a bit difficult. In terms of the cost of the committee, we will be reporting that annually, I assume, but, in terms of the programs, that will be coming out of the \$8 million that they recommend.

Mr MARSHALL: Can you make some comment about the difference in workload, for example, on the Manufacturing Consultative Committee (or its predecessor, the Manufacturing Industry Advisory Board) and this new body? What is the difference, or is it just a name change? As you would know, minister, I served on the Manufacturing Industry Advisory Board for five years under both Labor and Liberal ministers, so I have a good understanding of the operation of the committee. I just want to know how this new advanced manufacturing committee will differ.

The Hon. A. KOUTSANTONIS: It will work a lot harder, obviously.

Mr MARSHALL: I just point out that I never took a payment from that board. We returned it to government. I do not know whether that is the practice for the new committee.

The Hon. A. KOUTSANTONIS: It is not like you to return that.

Mr MARSHALL: What is the basis of that comment?

The CHAIR: Can we get back to the question at hand, unless that question has a basis in the report itself?

Mr MARSHALL: My question was very real, thank you very much.

The Hon. A. KOUTSANTONIS: With all due respect to the brilliant service that I am sure you gave the MCC—and I am sure that you have no problems in telling everyone how brilliant you were on that committee—what we are trying to do is elevate the committee. I do not mean that in a derogatory way to the member for Norwood. What I am saying is that internationally renowned people like Professor Roos, people who are nationally renowned, like Stephen Myatt, and others from the CSIRO, will have a greater strategic role in terms of our government's manufacturing policies. They will have an allocated budget line. They will have direct access to me and the government through the cabinet committee about how we should be spending that money.

The manufacturing council has served its purpose well. I think this is the next stage. I think it is fair to say that times have changed considerably from when you sat on the committee. The Australian dollar is a lot higher. The world has plunged into a deep level of economic uncertainty that none of us have ever experienced before, so there are considerably new challenges facing manufacturing in this state.

On top of that, we have a booming mining industry which can pay a lot more for the same resources. We have the very real possibility of Australia suffering from the Dutch disease, so we have to make sure that we maintain our manufacturing base. I think that the challenges you were facing on that council, while they were significant, have increased quite considerably now. I think the more strategic focus of this committee is to elevate its decision-making and advice to the highest levels of government.

Mr MARSHALL: I refer to program 2, page 87. I was just going to ask about the Hartley review. This is under Program 2: Globally Integrating the South Australian Economy. In particular, the Hartley review recommends closing seven of our eight overseas trade offices. Could the minister let us know when a decision on that recommendation would be made and whether or not the budget being presented for the next financial year includes the ongoing operation of the

existing eight overseas trade offices? Could he also comment, in particular, on the offices in Chile and Vietnam, which have remained unstaffed, I believe, for more than a year?

The Hon. A. KOUTSANTONIS: First of all, for the two offices that you say are unstaffed, I am advised that Austrade provides services in those offices for South Australian businesses. So, to say that they are unstaffed, to say that there is an empty desk, I do not think is entirely accurate. What has happened is that we have Austrade acting to service South Australian interests in those positions. It is a bit unfair to say the department has left those two destinations unstaffed.

Mr MARSHALL: They were previously staffed by South Australian government employees, and they are not anymore.

The Hon. A. KOUTSANTONIS: Yes, and now Austrade is doing it.

Mr MARSHALL: Okay. I am not trying to be difficult.

The Hon. A. KOUTSANTONIS: I am advised that they were always Austrade employees. I am also advised—I am not sure if you have read the Hartley review—that is the model he is presenting to the state government, which is something that I am leaning toward. I think it is a very good model. I am not sure what your views on it are. To give you a more detailed answer, as part of its deliberate strategy to drive economic growth through investment and trade, considering the review undertaken by Mr Hartley about South Australia's overseas representation, his recommendations were released on 30 April of this year.

The review examined arrangements for offices in Shanghai, Jinan, Hong Kong, Chennai, Singapore, Ho Chi Minh City, Dubai and Santiago. It excluded the London office, which he thinks is working exceptionally well, and it is one which I do not have direct responsibility for anyway. This review was undertaken in light of the recent Austrade review and after we established Invest in South Australia. It is also part of a deliberate strategy to consolidate and streamline our approach to supporting SMEs through building capability and facilitating increased export.

For members who are interested in international trade, the Hartley report has recommended an approach that means: a stronger focus on international investment attraction, and South Australia is already performing very strongly in exports; and a more agile and mobile overseas representation which is responsive to arising investment attraction opportunities that grow industries in South Australia. What that means is that in the past we have invested in bricks and mortar in a certain city. What would be a better approach would be to capitalise on Austrade's investments around the jurisdiction, to be more fluid and move around as economic times change.

If there is a burgeoning economy in the south of China where Austrade has an office and we are based in Shanghai, perhaps it is better that we move that Shanghai representation to somewhere like Kunming, or if we see something better then we move somewhere else. It is all based on being agile. In the past, state governments; that is, sub-national jurisdictions, have spent a lot of money on bricks and mortar, very expensive offices in places like New York and Los Angeles, and it is very hard to be agile.

Sometimes, there are states in certain countries, whether it be Canada, the United States, Europe or ASEAN countries—I know Vietnam is growing at a remarkable pace—and maybe it would be better for us to be mobile and agile and move those offices around. I think that is something the state should be moving toward. I am glad that you are nodding in agreement. We have increased our focus on China and India, using the Agent-General's office in London as a model as to how this could work. The Agent-General's office is a traditional office based on very old protocols, but the way our current Agent-General Bill Muirhead works is that he is a very mobile and agile trade commissioner. He has contacts throughout all of Europe and he does an exceptionally good job. We want to rely more heavily on Austrade for South Australia's trade functions, capitalising, obviously on the federal government's quite substantial spending.

The Hartley review recommended closure of all overseas representations offices except Jinan. The government is presently considering the extent and nature of its future investment in overseas offices and we are seeking input from stakeholders. I am advised that members of industry and the public have participated in the consultative process and it was held prior to the completion of the government's review.

The purpose of the consultation process is to identify strategic directions and preferred structures for SA's representation overseas. It was far and wide, and included stakeholders like Austrade, Business SA and the Australian Industry Group, and I am advised that the total cost of the review was \$50,400. I think it was a very important bit of money—

Mr MARSHALL: Cheap.

The Hon. A. KOUTSANTONIS: —that we spent and we got some very good results out of it. I accept that the member for Norwood said it was a cheap cost, and Mr Hartley did an exceptional job. In regard to the overseas offices costs, I am advised that the total cost for 2012-13 is approximately \$2.8 million, virtually unchanged from the last years. There are no budget cuts to this area, I am advised. I do not want the overall budget to shrink. That does not mean we maintain the same level of service in so many countries. What it means is we can redirect money where we think there are more opportunities.

Mr MARSHALL: Invest in SA, perhaps?

The Hon. A. KOUTSANTONIS: Invest in SA obviously will help, but I am talking about strictly in terms of Austrade's functions, about our representation. Invest in SA, obviously, is something that is still in its early stages. We have three full-time people working on Invest in SA, and that money is in addition to the \$2.8 million.

Mr MARSHALL: Is this in Australia?

The Hon. A. KOUTSANTONIS: No, the Invest in SA money is in addition to what we are spending on our overseas offices. Say, for example, if uranium exports, suddenly (given what the Prime Minister and Premier did last year), begin to ramp up in India and we see a greater ability to leverage off that trade in India, perhaps it would be better to spread out and have more representation in India to try to leverage more grain sales, more copper sales and manufacturing goods sales into India. I want us to be more agile.

Mr MARSHALL: So are the Invest in SA three FTEs based in Australia, or are they in the overseas trade offices?

The Hon. A. KOUTSANTONIS: They are all based here.

Mr MARSHALL: Do they have additional program funds over and above three people allocated to that Invest in SA model?

The Hon. A. KOUTSANTONIS: The government feels very strongly about Invest in SA and they have almost got an access to all areas pass. If they need access to the Premier or DPC, they get it; if they need access to DMITRE, they get it; if they need access to the new PIRSA, they get it. If they need access to any department, whether it is tourism or whatever the opportunity may be, they get access and they are able to use those resources. We fund them, I am advised, within DMITRE but, in terms of access to information, they can get whatever they like. They have the ability to cut across the entire government, which is probably the best model we have.

Mr MARSHALL: I am just trying to ascertain in relation to Invest in SA—which does sound exciting—that you have got three full-time equivalents out of the 50 in that global integrate into the South Australian economy. Are there program or supplies and services funds specifically allocated to that subprogram?

The Hon. A. KOUTSANTONIS: I am advised that within that line there are the case managers who manage those investments, and there are obviously programs that they can access. I will get you a detailed breakdown of what they have done so far. I think it is fair to say that the government is looking at how Invest in SA is working and maybe considering an increase.

The Hon. S.W. KEY: In your introduction, minister, you mentioned Professor Roos' report many times and, obviously, the initiatives that come out of that report. Can you expand on the government's support of entrepreneurial start-up companies?

The Hon. A. KOUTSANTONIS: The member for Ashford is absolutely right, DMITRE is in the process of identifying initiatives to improve the commercialisation ecosystem in South Australia, building on the work of Professor Roos in his Manufacturing in the Future report, which indicates the need to stimulate innovative products and services and encourage entrepreneurs.

Commercialisation of innovation fuels economic growth. Key principles for innovation success include:

- Strong research universities;
- Globally experienced entrepreneurs;
- Sophisticated risk capital;

- Links between innovative executives; and
- Knowledge sharing.

I can announce this morning that, in support of start-up entrepreneurs and building South Australia's reputation as a state of innovation, the government is supporting Innovyz Start Pty Ltd to further develop its business in South Australia. The Innovyz Start program is part of the Global Accelerator Network that cultivates entrepreneurs, investors and start-up ecosystems. The government is providing \$300,000 per annum to Innovyz Start Pty Ltd over two years. The Innovyz Start program has been established in South Australia to be a catalyst and an enabler to support new start-up companies, accelerate the growth of emerging companies and provide new, high-value business opportunities.

The program has attracted attention way beyond the expectations of the Innovyz operators. On 12 June 2012 an article was published on the program by Anthill, a premium online media source and possibly the leading online magazine for innovation and entrepreneurship. In the leading line of the publication it poses the question, 'Is Adelaide the countries hottest start-up zone, or what?' The article acknowledges that South Australia has 'stolen a march over the high-tech entrepreneurial hubs, such as Sydney and Melbourne in the 2012 ANZ Start accelerator program'.

The government is pleased to partner with the ANZ Bank in supporting this program in its initial phase. The Innovyz model consists of independently-owned and operated organisations that use a mentor-based start-up accelerator model that provides professional development, networking opportunities, training, consulting and ongoing support for entrepreneurs in six countries. Each program runs for three months. The initial program being run in South Australia attracted 130 applications of which 10 were selected. Now in week three, it is already delivering benefits to the participants who have experienced significant growth, with the global mentors opening doors for them that they could never have opened themselves. The successful applicants for the first program are:

- Adelaide Baby Bargains—a free online marketplace for baby and children's goods from Adelaide;
- Be Intent—online HR solution that measures mindset, staff engagement and delivers measurable productivity improvements from Auckland, New Zealand;
- Captioning Studio—speech to text, video search, web-based captioning and subtitling, and tools for the deaf and hearing impaired from Adelaide;
- Cipher This—software to automate the creation and integration of puzzles into any author's original content from Boulder, Colorado, USA;
- ConfPlus—mobile service to facilitate registering, scheduling, networking and communicating at conferences from Madison, Wisconsin, USA, and Beijing and Shenyang, China;
- Credit Key—a web transaction brokerage service that reduces the amount of time between the issue and payment of invoices from Adelaide;
- iStudent—recruitment of international students with online search and enrolment from Sydney;
- LEAPIN—cloud-based property management system featuring smart phone room check-in and a complete web check-in system from Adelaide;
- Mysupervisiononline.com—online resource, support and networking site to assist honours, masters and PhD students from Brisbane; and
- P2P Agri—farm business management decision software from Adelaide.

The Innovyz program will contribute towards:

- establishing a competitive advantage for the state in the area of innovation and commercialisation;
- encouraging innovation by establishing a path from concept through to planning through to commercialisation;
- establishing South Australia as a leader in the Asia Pacific region for the commercialisation of innovative projects;

- attracting the next generation of entrepreneurs to South Australia; and
- creating a link from innovators/entrepreneurs through to sophisticated investors with available risk capital and mentoring.

With this government's support, the program will reinforce South Australia's leadership in the commercialisation of new products and services.

Ms BETTISON: My question refers to Budget Paper 4, Volume 3, page 87. What action has the South Australian government taken to secure the future for workers in the automotive sector in South Australia?

The Hon. A. KOUTSANTONIS: I thank the member for Ramsay for her question. I know she is on the coalface, as is the member for Little Para, given that most of your constituents probably have a friend or family member who work at Holden. It is very important to make sure that we get it right.

The CHAIR: And slightly more north as well.

The Hon. A. KOUTSANTONIS: Yes, and more regional areas like Gawler, of course; absolutely, Mr Chairman. It is no surprise that General Motors Holden is a major employer in the state with an extensive supply chain in South Australia and the country. Holden is an integral part of the state's and, indeed, the nation's automotive sector. Direct employment in the automotive industry in South Australia is approaching 8,000 people.

An economic analysis of the impact of Holden within the South Australian economy was recently undertaken by Associate Professor Barry Burgan of the University of Adelaide. It indicated that the total economic activity linked to Holden's operations in South Australia is estimated at \$1.1 billion contribution to gross state product and about 11,700 jobs. If the full flow-through effects are considered, such as the impact of the purchasers of suppliers and the expenditure of wages and salary income, these activities are estimated to contribute almost \$65 million per year to the state's taxation base.

Furthermore, if Holden were to close, its closure would make some of its major suppliers uneconomic, and not only would the state lose the supply chain that services Holden but also other activities that these businesses support. The impact would be felt well beyond the automotive supply chain into the property, recreational and services sectors. The social disruption would be significant and unacceptable. It is estimated that, allowing this effect, the total economic activity lost in the state linked to Holden's closure would be in the order of \$1.53 billion of GSP annually and about 16,100 jobs.

On 27 February 2012 the government approved \$50 million in assistance to GM Holden, spread evenly over two years (2016-17 and 2017-18), to support capital investment for the engineering and manufacture of two next-generation vehicles at Elizabeth. The investment will ensure Holden remains operational until at least 2022. The South Australian government contributions are part of a more extensive package of government support which totals \$275 million, of which the commonwealth is contributing \$215 million and the Victorian government \$10 million.

The sustainability of GM Holden is critical to the automotive sector in South Australia and to the South Australian economy. The total program investment by Holden in the two new models will be in excess of \$1 billion over the next 10 years. The funding will bring two new generation global architectures into production at Elizabeth and allow Holden to maintain its capacity to design and engineer vehicles in Australia until 2022.

An integral part of this co-investment does include GM Holden's participation in a working group, together with the South Australian and federal governments, to adopt a strategic approach to positioning the South Australian automotive sector within the GM global supply chain and, where appropriate, assisting suppliers to diversify into other sectors.

The current GM global product strategy is to concentrate future product investment on global architectures and the elimination of legacy architectures from its global portfolio product. Without this government co-investment the next generation global platform programs would not have been approved, and it is highly likely GM Holden would have moved to full import status, closing its manufacturing assembly plant at Elizabeth, an outcome that would have been unacceptable by South Australian standards.

This in turn would have had drastic implications for the local supplier base. Most of these suppliers would not continue without GM Holden's volumes and, consequently, it is highly likely the viability of Ford and Toyota would also have been jeopardised. The South Australian government's previous investment in Holden provided positive returns to the state. The \$30 million investment from the state government, together with \$149 million from the commonwealth to secure local manufacture of the Cruze here in South Australia, is a prime example.

Success of this co-investment has led to significant opportunities for a number of the local suppliers. In fact, the Cruze is the nation's fourth bestselling vehicle for year-to-date and has exceeded expectations in terms of production volumes. The South Australian government considers General Motors Holden a vital part of the economic infrastructure of the state and, indeed, the social infrastructure of this state.

Automotive manufacturing is a highly complex advanced manufacturing activity spanning a wide spectrum of technology and skills involving advanced design, information technology and electronics, precision fabrication, plastics, robotics and automation, lean manufacturing, just-in-time systems, and so on. This announcement and the South Australian government's role ensure that the essential capability inherent in the automotive sector will continue until 2022.

Mr MARSHALL: I want to return to page 87 and again look at the grants and subsidies under the globally integrating South Australian economy. That, for this current financial year, sits at \$5.386 million, and next financial year that is at \$2.248 million. Again, without needing to go into any specifics, are they part of grant funds? What is the allocation method for grants under that program 2?

The Hon. A. KOUTSANTONIS: If you read further down the page, where it says 'Financial commentary: 2012-13 Budget/2011-12 Estimated Result', the \$3.7 million decrease in net cost of services is primarily due to the winding up of the Renewable Energy Fund. It is partially offset by additional funding for the Port Pirie long-term strategy growth, which is \$200,000. I am advised that the other funds in there are Advantage SA, the Gateway program, the Business SA Export Unit and, of course, Port Pirie. So the funds almost directly correlate to RenewablesSA being wound up.

Mr MARSHALL: But the \$2.248 that is remaining is made up of the four funds—

The Hon. A. KOUTSANTONIS: The ones I have just read out to you, I am advised.

Mr MARSHALL: —that you have just read out. Turning to Business SA for a moment, is the money going to Business SA from your department for programs 1 and 2—or I suppose everything except for the mining component, which has nothing to do with me? Are they all contained in that budget line, Grants and Subsidies, or is there a larger contract and that money is split between various grants and subsidies, various lines? Can you advise the total value of that Business SA contract and what it is to be spent on?

The Hon. A. KOUTSANTONIS: I am advised that we initially provided seed funding of \$500,000 in both 2011-12 and 2012-13, a total of a million dollars.

Mr MARSHALL: So the total was a million dollars but there is seed funding for—

The Hon. A. KOUTSANTONIS: No; that's it. It is spread over two years, I am advised. So the first lot is in 2011-12 and the next lot is 2012-13. We also provide Business SA on a separate line. It is a small business program where we offer them a certain amount of money for mentoring small businesses, I am advised. I will get you those details. It is separate to this. If you want a breakdown of the total funding to Business SA—

Mr MARSHALL: That would be good.

The Hon. A. KOUTSANTONIS: Okay. We will give you a total funding breakdown of Business SA. We do not fund their operations; we offer them money for programs.

Mr MARSHALL: With regard to international envoys, are they paid for out of your department or out of the Department of the Premier and Cabinet? If they are paid out of your department, can you indicate what the level of remuneration will be for the coming financial year?

The Hon. A. KOUTSANTONIS: I am advised that DMITRE funds international envoys. We are still negotiating and I do not have a final figure, but I am happy to provide you with the final figure once negotiations are complete. I am also advised that the South Australian government has appointed a number of special envoys to help develop trade and investment relations with overseas countries. The envoys within the 2011-12 budget are: Mr Brian Hayes QC to India (until

12 July 2012) and Mr Nick Alister-Jones to the Gulf Cooperation Council countries (until September 2011). Adjunct Professor Nicola Sasanelli was formerly special—

Mr MARSHALL: Sorry, with that previous one, did you say until 2011?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: So he has finished now?

The Hon. A. KOUTSANTONIS: Yes. Adjunct Professor Nicola Sasanelli was formerly special envoy—higher education and research Europe. Management and funding of this contractual arrangement was transferred to the Department of the Premier and Cabinet. Former special envoy to the United States, Hon. John Olsen, resigned from the role in September 2010.

Mr Alfred Huang, who is our former lord mayor, and Mr Tay Jay Soon are currently employed as principal advisers for China and South-East Asia respectively. They provide strategic input to the development of regional strategies. Their contracts are concluding on 30 June 2012. Mr Huang receives a \$50,000 retainer per annum, and Mr Tay receives a \$60,000 retainer per annum.

Mr MARSHALL: Up to the end of this financial year, but what about the next financial year?

The Hon. A. KOUTSANTONIS: We are still negotiating; when we finish those negotiations, I will get back to you with those figures.

Mr MARSHALL: What is the total cost for Mr Hayes for this financial year?

The Hon. A. KOUTSANTONIS: Mr Hayes's total package comprises a retainer of \$175,000 plus \$10,000 for administrative expenses per annum.

Mr MARSHALL: Plus travel, on top of that, which is paid for by the department?

The Hon. A. KOUTSANTONIS: Travel is in excess of that, yes.

Mr MARSHALL: Just on notice, because I am sure you would not have it right here, could you tell us what the total cost of his travel was for this financial year?

The Hon. A. KOUTSANTONIS: Of course.

Mr MARSHALL: Thank you. Can the minister advise whether he or his department have entered into any negotiations for any grants and subsidies for Nyrstar's Port Pirie operation?

The Hon. A. KOUTSANTONIS: The state government is working with Nyrstar to facilitate the proposed transformation of the Port Pirie lead smelter to ensure it remains both economically and environmentally sustainable. The existing plant operates on relatively old technology and the company is investigating options for a commercially sound environmental solution to current issues surrounding lead and sulphur emissions. We are working collaboratively with Nyrstar to identify solutions to be implemented.

It is a major employer in the Port Pirie region, employing 66 per cent of workers in the manufacturing industry; 720 workers are directly employed, and the plant exports about \$840 million per annum of product, which is 84 per cent of its production. The Port Pirie plant also has strong links with Nyrstar's Hobart plant, processing by-product from the Hobart plant; therefore, the future redevelopment of the Port Pirie plant is of importance to the Tasmanian operations as well.

The Premier met with Nyrstar executives in London on 10 May 2012, where the company identified key financial and regulatory issues that needed to be resolved for projects to proceed. Nyrstar is also continuing its discussion with environmental regulatory authorities, both in respect of its existing operations and the proposed upgrade of the plant's future operations.

Mr MARSHALL: Is your department negotiating any potential grants or subsidies to assist that operation?

The Hon. A. KOUTSANTONIS: We are working with Nyrstar to make sure that long-term viability of Nyrstar remains in Port Pirie.

Mr MARSHALL: Is the budget line on page 87, 'Port Pirie long-term growth strategy in 2012–13', linked to Nyrstar, or is that a separate—

The Hon. A. KOUTSANTONIS: I think everything in Port Pirie is linked to Nyrstar—

Mr MARSHALL: Yes, pretty much.

The Hon. A. KOUTSANTONIS: —so I think that \$200,000 growth study is all about making sure that all of those groups—the local council, the local member, the federal member of parliament, the RDAs—have the ability to look at what Port Pirie's long-term future is. Obviously, that town is closely linked to Nyrstar, and it is probably fair to say that it is a one-company town. We want to make sure that they diversify. This study is about making sure that we find out what the best ways are to help them diversify, and that we get a long-term strategy in place.

Mr MARSHALL: When will you conclude your discussions with Nyrstar about potential support for their business going forward?

The Hon. A. KOUTSANTONIS: When it has finished.

Mr MARSHALL: When it has finished; okay. I have some omnibus questions, Mr Chairman, that I would like to read in.

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2011-12 for all departments and agencies reporting to the minister—listing the name of the consultant, contractor or service supplier, cost, work undertaken and method of appointment?

2. For each department or agency reporting to the minister in 2011-12 please provide the number of public servants that are (1) tenured and (2) on contract, and for each category provide a breakdown of the number of (1) executives and (2) non-executives.

3. For each department or agency reporting to the minister, how many surplus employees will there be at 30 June 2012, and for each surplus employee what is the title or classification of the employee and the Total Employment Cost (TEC) of the employee?

4. In financial year 2011-12 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2012-13, and how much was approved by cabinet?

5. Between 30 June 2011 and 30 June 2012, will the minister list the job title and total employment cost of each position (with a total estimated cost of \$100,000 or more)—(a) which has been abolished and (b) which has been created?

6. For the year 2011-12, will the minister provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister—listing the name of the grant recipient, the amount of the grant and the purpose of the grants, and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

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

8. For each department or agency reporting to the minister, how many Targeted Voluntary Separation Packages (TVSPs) were or will be offered in total for the financial years 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16?

The CHAIR: I now open the line dealing with Small Business.

Membership:

Ms Sanderson substituted for Mr Hamilton-Smith.

Departmental Advisers:

Mr M. Sinkunas, Small Business Commissioner.

Mr G. Knight, Chief Executive, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr L. Worrall, Deputy Chief Executive, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Ms E. Ranieri, Deputy Chief Executive, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Ms A. Allison, Director, Corporate Services, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Ms A. Harfield, Director, Office of the Chief Executive, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr S. Ward, Executive Director, Investment Trade and Strategic Projects, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr P. Polychronopoulos, Chief Finance Officer, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr L. Piro, Executive Director, Manufacturing and Innovation, Department for Manufacturing, Innovation, Trade, Resources and Energy.

The Hon. A. KOUTSANTONIS: As Minister for Small Business, I am responsible for ensuring that South Australia's 142,000 small businesses are in the best possible position to be competitive, productive and, ultimately, successful. These South Australian small businesses are vital to our economy and make up 96 per cent of all private sector businesses in our state, in enterprises ranging from part-time, home-based businesses to farms, wineries, dynamic manufacturing and service firms, and of course taxis.

They operate in sectors across our economy including mining and energy, agribusiness, clean tech, ICT, education and training, and professional services. All governments need to be clear on areas where they can be most effective in promoting and developing small business, allowing them to grow and prosper and not duplicate services which are provided by the private sector or other levels of government. Hence this government has refocused and reshaped what it will do to assist small businesses in the state going forward.

For too long South Australian small businesses have had nowhere to turn if they were in dispute. Litigation was their only alternative, and litigation is costly, time consuming and unpredictable in outcome. The establishment of the South Australian Office of the Small Business Commissioner has a no or low-cost dispute resolution function and business-to-business and business-to-state and /or local government disputes. The aim of these services is to help ensure that all small businesses in the state operate in a fair and competitive environment. Now, for the first time and for no cost or low cost, small businesses have a dispute resolution alternative. The office has progressed strongly with more than 115 disputes already lodged since it opened in March, and about 84 per cent of those disputes resolved successfully.

South Australia is now the first jurisdiction in Australia to have civil penalties for breaches of prescribed industry-specific codes of conduct. The Small Business Commissioner, Mr Mike Sinkunas, and the Deputy Small Business Commissioner, Associate Professor Zumbo, are currently working on a number of codes, with farming expected to be the first industry to have a code of conduct developed. The Small Business Commissioner has indicated to me that he intends to develop three industry codes during the remainder of this year, including for the franchise and motor vehicle crash repair sectors. This is an ambitious target and I look forward to introducing these codes for the benefit of the small businesses in these sectors as soon as possible.

Most importantly, the small business sector now has an independent advocate. Already, the Small Business Commissioner has begun to provide representations to me as minister and to other members of parliament, and to suggest changes to (and develop) legislation. The introduction of this office has been widely supported and warmly received by key groups within the state, including Business SA, the Motor Trade Association, the South Australian Farmers Federation, the Business Development Council and the Housing Industry Association—no hotbeds of socialism there—as well as national groups such as the Council of Small Business Organisations of Australia and Independent Contractors of Australia.

Another indication of the government's commitment to the state's small businesses and our recognition of their value to our expanding economy is our small business strategy. The small business strategy and its tools have been introduced to support thousands of businesses across the state and to create jobs and boost the communities in which they operate. On Tuesday, the government released a key part of the small business strategy, launching a range of tools specifically designed to support small businesses and boost their productivity and effectiveness. These tools will support two of this government's priorities: one is realising the benefits of the mining boom and the other is growing advanced manufacturing.

This model is based very much on online delivery of material and services, which is how more and more of us expect to choose and receive information in 2012 and beyond. This program and programs in the small business strategy will encourage small businesses to think about how they can work together to build local capability and contribute to our state's economic prosperity and its reputation as an innovative, forward-thinking place in which to do business. I thank you for your time and now welcome any questions.

Mr MARSHALL: Can you tell us a little bit more about the Small Business Support Services program? How many full-time equivalents of the 8.1 in this department are allocated to that program and what are the total costs?

The Hon. A. KOUTSANTONIS: 'How many FTEs?' did you say?

Mr MARSHALL: Yes, how many FTEs, what is the program cost and what are the deliverables?

The CHAIR: What is the reference point?

Mr MARSHALL: It is page 100.

The CHAIR: Volume?

Mr MARSHALL: Budget Paper 4, Volume 3.

The Hon. A. KOUTSANTONIS: I am advised that there are 6.5 direct FTEs directed to the project, and the corporate overheads allocation of FTEs is 1.63. I will ask the chief executive to give you any more detail that might be relevant.

Mr KNIGHT: Consistent with the member's earlier question about corporate overheads, you are aware that we have allocated across the program—so the 8.1 published on page 100, as the minister indicated: 1.63 is the allocation for the corporate overhead, and 6.5 are the direct employees working in the office of small business. I should also say that the staff of the Small Business Commissioner are in addition to that. So, they are not part of this program.

Mr MARSHALL: Where do we see their budget line in the budget papers?

Mr KNIGHT: You do not in the same way. In accordance with Treasury policy, they are actually shown on page 106 of the same volume. I will just give you a moment to find it.

Mr MARSHALL: Yes, administered items.

Mr KNIGHT: Under administered items. In accordance with Treasury accounting policy, they are listed as an administered item for the department under our statement of comprehensive income. So, in a sense, the department is really just a postbox. The money comes in and then it is paid out to Mike's office for his running costs and the employment of staff.

Mr MARSHALL: Can you identify what the costs are for the office of the Small Business Commissioner?

The Hon. A. KOUTSANTONIS: What do you mean by the costs? For the entire office?

Mr MARSHALL: I presume that because it is an administered item you would have full-time equivalents, rent, some programs. Just like you have done for small business here on page 100; we know that the total cost of that is \$1.95 million.

The Hon. A. KOUTSANTONIS: I am advised that the budget allocation for the office of the Small Business Commissioner for 2012-13 is \$959,000. Existing Resources dealing with the retail tenancies located within the Office of Consumer and Business Services (OCBS) have been transferred. That will increase the funding to a total of around \$1.3 million for 2012-13. I will get you a more detailed answer so that you can have the exact numbers.

As of 30 April 2012, the following costs have been incurred: employee expenses (project), \$247,683; goods and services, \$183,781; employee expenses (OSBC), \$43,098; and office establishment costs (to date), \$28,573. The total is \$503,135, but that is not finalised. I am advised that we will have a final figure for the commissioner in our annual report, which will be tabled in parliament.

Mr MARSHALL: Are any programs offered by your department specific to the family business sector? I raise that because, historically, there has been a family business manager. That role was unfilled, and then it was confirmed that the department would not subsequently fill that role. Can you just update us on support for the family business sector?

The Hon. A. KOUTSANTONIS: Family businesses operate—and I take note that the member for Norwood has come from a family business operation—within the context of the small business sector and are subject to the typical conditions faced by most small businesses. However, unique challenges are faced by family businesses, in particular, intergenerational and family member management succession planning, which is often very difficult.

The Business Development Council is an independent advisory body that provides recommendations to me, as the Minister for Small Business, on issues relating to the small business sector. The BDC commissioned a Family Business Sub-committee to address family business sector topics and the unique challenges for this sector. I am advised that DMITRE has supported the work of the Family Business Sub-committee during 2011-12 and will continue to support the family business sector within the overall context of small business services.

In addition to the existing activity of DMITRE and the Family Business Sub-committee, family businesses have further benefited from the new DMITRE small business strategy, which attracted funding of \$924,000 for the 2011-12 period and has enabled a three year transition to a self-funding, high value collaborative service and information delivery environment for small business programs and services in South Australia; a comprehensive service delivery model distributed across multiple stakeholders and better utilisation of services and information from the three tiers of government, commercial providers and industry stakeholders; and 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 small business sectors. Family businesses will further benefit directly from a stronger collaboration between DMITRE and Family Business Australia through 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.

DMITRE has further engaged with the family business sector by providing funding to Family Business Australia, South Australia, for the development of three family business-specific business skills development programs during 2012-13, they are: the Family Business Best Practice Awareness Workshop; the Family Business Diversification and Wealth Transfer Workshop; and the Family Business Succession Planning Workshop.

On top of that, my personal opinion is that we need to help re-engage with family business, especially in terms of a lot of locked-up capital. There are some very successful families in South Australia who have quite a considerable net personal wealth. We would like to see them investing more in South Australia, rather than sitting back and waiting. Of course, these are long-term generational decisions that they have to make, and we understand that, but we would like to see them getting involved in more infrastructure programs, more business development programs and, obviously, greater engagement with DMITRE. That is often a difficult process.

As generations grow it becomes harder and harder to collaborate with families because the relationships become more distant and more legal than they are family based. It is a very difficult area but something that South Australia has done very well in thus far. I think we can do more; we can do better. Succession planning is also a big issue with farming families. There are a lot of very productive farms in South Australia in which there are no natural successors to take over the family business. That is something that I am very concerned about, as Minister for Small Business, in terms of the gross state product.

There is also a problem when large family plots are divided up amongst three or four brothers and sisters, therefore decreasing productivity. That often happens with some small to medium size enterprises, where they branch off on their own, and that can be quite difficult as well. We are trying to get a framework in place where we can help educate families about succession. I know it is very difficult. My father left his farm when he was 24, and he still rings his brother twice a week to tell him what he is doing wrong. So, I am sure that the same thing is going on in family businesses across South Australia.

Mr MARSHALL: Can you confirm that there will be no allocation of funding to the previous role of family business manager within your department?

The Hon. A. KOUTSANTONIS: No; it does not exist anymore.

Mr MARSHALL: Can you advise the total cost of the three workshops that you are going to be providing next year for the family business sector?

The Hon. A. KOUTSANTONIS: I do not have that information here, but I will get it to you on notice.

Mr MARSHALL: Also on notice, I am wondering if you could perhaps give us an update on what recommendations from the previous Thinker in Residence, Professor Dennis Jaffe, a specialist in the family business sector who provided a report in 2009-10, have been successfully implemented by the government?

The Hon. A. KOUTSANTONIS: I will take that on notice.

Mr ODENWALDER: I refer to Budget Paper 4, Volume 3, page 100. The minister has touched on this already but can he expand on the benefits to small businesses in South Australia with the introduction of the Small Business Commissioner?

The Hon. A. KOUTSANTONIS: I have to say, as a member of parliament since 1997, the proudest achievement I have (other than the birth of my little girl) in my public life is the creation of a small business commissioner. I grew up in a small business and I know what it is like to have a house that is mortgaged to run a small business. It is quite stressful, especially when you do not own the property that you are operating your business in. My parents had limited language skills and they were able to successfully run three small businesses throughout their working life.

One of the reasons I joined the Australian Labor Party is that my parents were audited by the tax office in the early 1980s, and I remember the fear they had. Later, there were some very intense retail tenancy negotiations with the local landowner. Having sat on the Economic and Finance Committee with the now Chair and Deputy Speaker and hearing the stories from franchisees and other small business operators of the pressures that they were facing because of some quite appalling practices by master franchisors, plus some landlords, it was obvious that small business needed a greater voice and needed some penalties to back up that voice.

What we have done is, for the first time, small businesses anywhere in South Australia can access an independent statutory officer who can assist them to resolve disputes in a timely and low-cost way. The Office of the Small Business Commissioner opened on 29 March 2012. Unfortunately, the opposition opposed those reforms. To this day, I still do not know why. The ultimate goal the government aims to achieve by establishing this office is to keep businesses focused on their day-to-day operations by having a low-cost, effective mechanism for dispute resolution. The government aims to stamp out things such as predatory behaviour, unconscionable conduct and franchise churning that often target small business operators. We want to entrench fair competition in this state.

When my parents owned a deli in the 1970s, people knew their name. They knew who operated the business and, when they sold it, they knew that they were going. When you attend a franchise, whether it be a Baker's Delight, a Michel's Patisserie or a coffee shop, you do not necessarily know who the family is that is running that business. For all we know, there could be five owners of that one business in one year. That is called churning, and it is unacceptable behaviour in South Australia and it has to be stamped out. The people going into these businesses are mortgaging their houses or using their redundancy payments and life savings, and they are seeing their lives ripped apart by predatory behaviour.

The office will be responsible for maintaining a range of information resources, including a website with information to assist small businesses in understanding retail leases, franchise agreements and common areas that may lead to disputes. In the coming months, the first of the industry codes will be released, which will further benefit businesses across South Australia.

The legislative framework is already seen as leading the country in this area and the initial work of the commissioner and his office has already been significant and successful—so successful that the federal Liberal Party is thinking about adopting our policy, or a version of it, and I am very proud of that because I think imitation is the greatest form of flattery.

Mr MARSHALL: We don't have the first small business commissioner in the world, surely.

The Hon. A. KOUTSANTONIS: No, the framework. The legislative framework has been leading the country and the Prime Minister announced in March her plans to establish a commonwealth small business commissioner to give a direct voice to the nation's 2.7 million small businesses. Like our South Australian example, the commonwealth commissioner will work with small business people representing their concerns and interests directly to the government. Small business owners will be able to access information and advice and referral to external services such as dispute resolution services. The federal government expects to appoint the inaugural commissioner in the second half of 2012.

I take this opportunity to acknowledge the member for Light, who has worked tirelessly to keep the issue on the government's agenda, and I am sure many small business owners, and farmers, not just in the electorate of Light but across the state, are very grateful for his work and his endurance.

Mr MARSHALL: This is a similar question to the previous one, that is, how are the grants determined? I know it is only \$150,000, but how are those grants and subsidies determined?

The Hon. A. KOUTSANTONIS: Do you mean how they are determined before they get approval from me?

Mr MARSHALL: Is there a program? I am trying to work out whether or not there is a specific program.

The Hon. A. KOUTSANTONIS: Not to waste your time, I don't think that we have that here. If we get it in the meantime I will bring it up. I will take it on notice.

Mr MARSHALL: Okay. While we are on that very small spreadsheet there, the other income of \$31,000—I know it is a piddling amount—

The Hon. A. KOUTSANTONIS: It is a lot of money, \$31,000.

Mr MARSHALL: It is, actually, but in the overall scheme of the manifold funds that you look after it is not a large percentage, I don't suppose.

The Hon. A. KOUTSANTONIS: The \$150,000 you were talking about is the money that we give for small business mentoring to Business SA, which I talked about in another line. I am advised that for 2011-12 it is \$200,000, in 2012-13 it is \$150,000 and for 2013-14 it is \$70,000, which is a total of \$420,000. The \$31,000 you are talking about, I understand, is distribution of an overhead.

Mr MARSHALL: Income? That is a distribution—

The Hon. A. KOUTSANTONIS: Austrade rental.

Mr MARSHALL: Rent, okay. If we could just turn to the \$881,000—supplies and services. Do you have an indication of the break-up of that \$881,000? I presume that some of that is rent?

The Hon. A. KOUTSANTONIS: Not to waste the time of the committee, I am advised that it is relatively minor.

Mr MARSHALL: Mundane.

The Hon. A. KOUTSANTONIS: Mundane. I will get you a breakdown of what they are.

Mr MARSHALL: Thank you, that would be great. Of the 6.5 full-time equivalents in this program 4, are they just general? Are they broken up? Are some people on policy and some people on specific programs? Could we just get a bit of a flavour for those 6.5 people, if that is possible?

The Hon. A. KOUTSANTONIS: I am advised that the 6.5 FTEs work closely with industry development groups to help advise on online delivery services. I am also further advised that they help with the Business Development Council. They provide work there.

Mr MARSHALL: Secretarial back-up?

The Hon. A. KOUTSANTONIS: Yes, secretarial back-up work. They do some work in policy. They help with the online tools that were released last week. They do service delivery. They do policy. They are quite versatile.

Mr MARSHALL: They sound great.

The Hon. A. KOUTSANTONIS: They are.

Mr MARSHALL: I refer to page 81, which relates to the ministerial office resources. It says here that you have got 11 full-time equivalent staff members. Can you tell us of the break-up of those people across your portfolio? How have they been broken up across the four programs, or how are they allocated?

The Hon. A. KOUTSANTONIS: I will get you a detailed breakdown because I do not think we have a sufficient answer to satisfy the committee. I will get that back to you.

Mr MARSHALL: Just on that, there are 11 full-time equivalents in your ministerial office. In addition to that, do you have any ministerial liaison officers and are they attached to specific programs?

The Hon. A. KOUTSANTONIS: No, liaison officers work directly within the department, is my advice. I have a liaison officer for energy, I have a liaison officer for mineral resources.

Mr MARSHALL: Would you have a liaison officer for small business, for example?

The Hon. A. KOUTSANTONIS: They are departmental people.

Mr MARSHALL: Yes; so of the 6.5 in small business one of them would be allocated as a liaison officer, but they would stay on the FTEs in the department?

The Hon. A. KOUTSANTONIS: No.

Mr MARSHALL: No, they would go to your—

The Hon. A. KOUTSANTONIS: When you talk about the 6.5 in small business, are you asking me whether one of those people within the 6.5 is based in my office?

Mr MARSHALL: I do not know.

The Hon. A. KOUTSANTONIS: Well, they are not.

Mr MARSHALL: No; but you have a person of those 6.5 that is your liaison officer who you can go to as your person that you can touch base with? I am not sure how it works.

The Hon. A. KOUTSANTONIS: I have a liaison officer for energy, for manufacturing, innovation and trade, which includes small business, and one for mineral resources, and they are paid for by the department, and they are counted within the department's entire FTE count.

Mr MARSHALL: In addition to the 11 full-time equivalents in your ministerial office, there are three people paid by the department who are in the department, really, but they would give you specific technical advice? They are not seconded to your office, for example.

The Hon. A. KOUTSANTONIS: No, liaison officers do not provide advice: they liaise between the department and the government.

Mr MARSHALL: Of the 11 full-time equivalents how many of those are involved in media advice to you?

The Hon. A. KOUTSANTONIS: I am not sure that any of them are. My media advisers, I am advised, are under the DPC, but I will check and get back to you.

Mr MARSHALL: And Owen Brown, is he in your ministerial staff?

The Hon. A. KOUTSANTONIS: I am advised he is a media adviser; so they are all employed by the Premier, but I will get an accurate answer for you. He's there. Owen, who do you work for? He is employed by the Office of the Premier.

Mr MARSHALL: So he is employed by the Office of the Premier but he works for you, so—

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: —is he one of those 11 full-time equivalents?

The Hon. A. KOUTSANTONIS: When you become leader of the Liberal Party what you will find is that you will want all the media advisers working for you directly rather than individual ministers. I will talk to you later about in private so you get a better understanding how to structure your office. When you structure that office—

Members interjecting:

The Hon. A. KOUTSANTONIS: Well, I am just giving you some free advice.

Mr MARSHALL: I am sure it would be helpful advice.

The Hon. A. KOUTSANTONIS: It is very helpful. I have great plans for you Steven. The media advisers work, essentially, for the Premier; like the chief executives all have contracts with the Premier.

Mr MARSHALL: In addition to your full-time equivalents in your office there are other people working in your office that are from the Department of the Premier and Cabinet?

The Hon. A. KOUTSANTONIS: I am not sure if it makes up part of the 11; I do not think so, but I will get you a detailed answer on that. I have to check.

Mr MARSHALL: And so Owen Brown—

The CHAIR: Sorry, which page are we on?

Mr MARSHALL: We are on page 81, and I have said that previously. I know Owen Brown is employed by DPC, but what is his role for you?

The Hon. A. KOUTSANTONIS: Well, he is not part of this budget line.

Mr MARSHALL: He's not? Well, you said you were coming back to clarify that, so he's definitely not?

The Hon. A. KOUTSANTONIS: I think I gave an answer when I said I was advised that he was part of DPC, but his role is my media adviser. For example, when you go out and say something that's not true he arranges a press release for me correcting your inaccurate statements. That is how it works.

Mr MARSHALL: But does he operate under your direction, but he is not in your budget?

The Hon. A. KOUTSANTONIS: I suppose you could say that, yes, but he ultimately answers to the Premier. We all answer to the Premier.

Mr MARSHALL: I don't answer to the Premier.

The Hon. A. KOUTSANTONIS: No, you answer to Isobel Redmond, don't you? Oh, he won't answer; okay.

Ms SANDERSON: Budget Paper 3, page 167 talks about payroll tax and the \$600,000 threshold to help small business. This has been the threshold since July 2009. Considering recent legislative changes to increase the number of public holidays, has the minister made any moves to raise the threshold to accommodate these businesses' forced increase in wages?

The Hon. A. KOUTSANTONIS: The member for Adelaide, that is a matter administered by the Treasurer; his estimates were yesterday.

Ms SANDERSON: Payroll tax is listed.

The Hon. A. KOUTSANTONIS: I do not set taxes and charges; the Treasurer does.

The Hon. S.W. KEY: My question refers to Budget Paper 4, Volume 3, pages 100 and 101. Can the minister advise the committee on the progress towards implementing the Small Business Strategy that was announced last year? Can I also say that we have had the benefit, at the electoral office at Ashford, of hearing from Commissioner Sinkunas about his work and about the work of the unit. It was very helpful to all the staff, so I would like to thank you for making sure that Commissioner Sinkunas is available for all of us to get briefings. It is very helpful.

The Hon. A. KOUTSANTONIS: It is, and I would encourage all members of parliament—members of the upper house, the lower house, Independent, Labor or Liberal—to meet with Mr Sinkunas. I know he makes himself available.

Thank you for the question. The small business sector has a long and proud history in South Australia, and continues to make an enormous contribution to our state's economy. There are about 142,000 small businesses in South Australia, accounting for 96 per cent of private sector businesses—which shows just how much small business means to our economy. Small businesses are represented in and linked to every sector in our economy, creating jobs and security for hundreds of thousands of South Australian workers and their families.

As part of the Small Business Strategy 2011-14, one of the areas we wanted to address was easy access to the sort information and tools that can help guide business owners and managers. I am delighted to say that current and aspiring small business owners now have access to a range of online information tools to help boost their productivity, effectiveness and sustainability.

Small businesses in the state are faced with a constantly challenging economic landscape, and these tools provide important advice to help businesses remain sustainable and adapt to varying conditions. I want to ensure South Australian small businesses are in the best possible position to be competitive, connected and, ultimately, successful.

On Tuesday, DMITRE hosted a small gathering to launch a range of tools and information that include:

- a Start Your Own Business digital media presentation and workbook;
- a Future Proof Your Business digital media presentation and workbook;
- a Business Continuity Plan, which contains documented arrangements to enable businesses to manage disruptions and maintain continuity of service;
- BizFact and BizGuide information books to help business owners developed capability statements and business plans;
- the Small Business Information Matrix, an online searchable catalogue of small business services and information providers;
- the Small Business Contact Service, providing information, tools and services to business owners in metropolitan and regional South Australia;
- Major Projects Ready, which provides information businesses need when preparing to participate in major project supply chains; and
- Coaching and Mentoring, which is an advanced business skills development program aimed at enhancing the conceptual management, problem-solving and management skills of business owners.

I am also pleased that the state's peak industry body, Business SA, supports the small business initiative.

In that regard, I would like to acknowledge the support of outgoing Business SA Chief Executive Officer Peter Vaughan in developing these online tools. I wish Peter well in his life after Business SA, and put on the record my expectation that we will have a similarly robust relationship with the incoming chief executive Nigel McBride.

Mr WHETSTONE: The description of the objective on top of page 100 says the program supports small businesses in their growth and expansion. What will you or the government be doing to support small businesses affected by the closure of the Cadell ferry, that generate in the vicinity of \$41.3 million?

The Hon. A. KOUTSANTONIS: I do not have the report on which you base your statement that the Cadell ferry creates that kind of economic activity. I would be interested to see it, so if you could provide it I would really appreciate it. These are questions for the transport minister, Mr Patrick Conlon. Has he had his estimates?

Mr WHETSTONE: He has.

The Hon. A. KOUTSANTONIS: I am happy to meet with any small business that you claim is affected by the closure of the ferry, in a non-partisan way. I am happy to sit down and talk to them, to travel up to Cadell. I used to go to Cadell quite regularly. I used the ferry myself when I went to Cadell prison. I understand that it is an inconvenience, and the government understands that it is inconvenience and did not take the decision lightly. But if you have small businesses that are directly affected, please bring them to my attention and I will meet with them. I would also encourage them to meet with the Small Business Commissioner to see what avenues he can raise. Ultimately, your reference should be directed towards the Minister for Transport.

Mr WHETSTONE: I would have thought that they would have had some consultation before the closure. On a general issue, obviously there has been a widely-renowned stand by the South Australian government on the Murray-Darling Basin Plan that will affect all small businesses up and down the river. There are 4,000 small businesses and about 50,000 employees that will be impacted on the implementation of that plan. Have you done, or, if you have not, will you endeavour to do an impact study on those small businesses?

The Hon. A. KOUTSANTONIS: Our entire response to the River Murray, in making sure that it receives significant amount of flows to keep it an environmentally healthy and sustainable river from which businesses can thrive, is being dealt with by the Premier. The Premier is best placed to answer all of those questions.

The chief executive of DMITRE sits on the Premier's River Murray task force, giving, I imagine, advice about the impacts on business and farming. He is also the former chief executive of PIRSA, so he has intimate knowledge of how it impacts on farmers. I think it is in all of our

interests to make sure that we stand up to the Eastern States to ensure that we have a viable river that provides benefit for all South Australians. The health of the river, as you would know, starts at the bottom, not the top.

Mr WHETSTONE: Minister, in saying that, it is about the number; the Premier has a number in mind that will impact much more severely on the small businesses up and down the river, and that is why I am asking whether your department, through Small Business, will look at what impacts will be on the Premier's number, as opposed to the number that the independent authority is touting.

The Hon. A. KOUTSANTONIS: There are a lot of numbers out there, and some numbers are smaller. I know that some members of the opposition are calling for the acceptance of a smaller number. These matters are being dealt with by the Premier, so I ask you to forward all your questions to the Premier. There is question time in parliament, you can write to the Premier and ask him questions, you could have sat on the committee during the Premier's estimates and asked him questions. My role is not to negotiate the national Murray-Darling Basin agreement; my job is to look after small businesses, and—

Mr WHETSTONE: I understand that.

The Hon. A. KOUTSANTONIS: Like I said to you earlier, if there are small businesses which you claim are affected, please forward them to my office.

Mr WHETSTONE: There are 4,000 small businesses which will be affected, and that is the reason I ask whether there will be an economic and social impact study done by you or your department.

The CHAIR: Member for Chaffey, which page are we on? Page 81?

The Hon. A. KOUTSANTONIS: I am advised, Mr Chair, that the Murray—

Mr MARSHALL: That is where it shows 'Workforce summary'.

The CHAIR: How does this question relate to the workforce summary?

The Hon. S.W. KEY: I thought it was 101; page 101 would be a better reference.

The CHAIR: I just remind members of the requirements: the requirements are for members to preface each question with a page number. I have allowed a few questions to pass that way, but in future, I will strictly apply it.

Mr WHETSTONE: So will there be some form of impact study?

The Hon. A. KOUTSANTONIS: I am advised that there is not going to be one in isolation. I understand that the Murray-Darling Basin Authority is considering the economic, social and environmental impacts, so, in a way, it would probably be duplicating what has already been conducted.

Ms BETTISON: My reference is Budget Paper 4, Volume 3, page 100. Can the minister advise the committee on how the government is intending to help small retailers and shopping centres with inset electricity networks?

The Hon. A. KOUTSANTONIS: Thank you very much. This is a very important and timely question. The introduction of the Small Business Commissioner has been a significant step forward for all small businesses in South Australia. Part of the reforms the government introduced—which were unfortunately opposed by my friends to my right all the way during the legislation debate—was the movement of the administration of the Retail and Commercial Leases Act 1995 to the Small Business Commissioner. The act has also been assigned to me as the Minister for Small Business.

Already in the first few weeks that the commissioner has been operational, his office has dealt with over 115 matters, with a significant number of these already resolved, at an amazing rate of 84 per cent. Almost a third of matters to date have been in the retail and commercial tenancies area. In the larger shopping centres are often what is termed inset or embedded networks.

With these, the reselling of electricity occurs when an inset network operator, the shopping centre owner, purchases electricity from an electricity retailer and then resells it to the inset customer. Inset customers are generally the tenants of the shopping centre owner. Reselling occurs via an electricity distribution system, or an inset network.

It is important that, in these type of tenancies—often small retailers who are already paying substantial rates of rent—there is transparency and fairness in this reselling of electricity. As we all know there is typically a substantial imbalance of bargaining power between the shopping centre landlord and the retail tenant and we all need to be satisfied that the contractual power that the landlords have over their tenants is not abused.

This government certainly does not want any small tenant to be the victim of any such abuses in relation to the reselling of electricity. I have therefore today requested the Small Business Commissioner to conduct an inquiry into the pricing practices of shopping centres, so that the retail tenants in these centres are treated fairly.

I have also asked the commissioner to undertake this inquiry as permitted by section 5(1)(f) of the Small Business Commissioner Act 2011. We in South Australia have the advantage of the best legislative model to underpin the work of the Small Business Commissioner and that legislation allows his government to make sure that the best interests of South Australian small businesses are safeguarded. I urge all those opposite to now give the Small Business Commissioner their full support in this inquiry.

The CHAIR: Members on my left, would you like to have a question?

Mr MARSHALL: Yes. Minister—page 81—

The CHAIR: Which part of page 81?

Mr MARSHALL: The top right-hand corner—just back to the ministerial office resources, have you instructed any member of your ministerial staff to produce background information on any other members of parliament? Are you running a 'dirty tricks' unit within your ministerial office?

The Hon. A. KOUTSANTONIS: That is a really sad indictment on you because you have behaved so well up until now. I think you surprised me. I think you surprised everyone in the committee about how well you have behaved. We have seen a different Steven Marshall.

Mr MARSHALL: Thank you.

The Hon. A. KOUTSANTONIS: You're welcome. I think that sort of question really says more about you than me. Background information—I assume voting records, I assume knowing what people have said, you would consider 'dirty tricks'?

An honourable member: Dirt.

The Hon. A. KOUTSANTONIS: The opposition considers voting records to be dirt. I consider them to be open, honest and transparent records of what people think and believe. My office is not running a dirt file unit—a compendium of people working together to try to undermine you or do anything to undermine anyone. We are simply progressing the aims and objectives of this government and the Australian Labor Party. For the last decade, we have done it exceptionally well and we will continue to do it.

If you want to start talking about what goes on in people's offices in terms of forward planning, would you really want anyone to ask you questions if you are planning to become leader of the Liberal Party, if you have spoken to anyone about being advisers working for you? Have you spoken to any journalists about coming to work for you as leader? Would you really want that out in the open?

These are all types of things that you can talk about and strategise about, but a dirt file means I am looking for people's personal, private lives—no. I find that kind of behaviour repugnant. I think children are off-limits; I think people's partners and spouses are off-limits. I have always thought that. In my entire career in politics, I have never raised or mentioned anyone's partner or spouse or child in this parliament as an attack on a minister or an opposition spokesperson. I am very proud of that, and I will continue to do that.

Mr MARSHALL: So you have never issued an instruction to any member of your staff, but are you aware of any members of your staff doing background information?

The Hon. A. KOUTSANTONIS: My staff behave with the highest possible standards in this government.

The Hon. S.W. KEY: He claims it's on page 81.

The Hon. A. KOUTSANTONIS: It's not; it's just Steven being anxious. It says more about you than anyone else. It does not say anything about us.

Mr MARSHALL: Well, if you are defensive about it. Are you aware that a member of your staff has put in an FOI request to the commonwealth government regarding previous grants received by my family's company?

The Hon. A. KOUTSANTONIS: By you. Yes, of course. I raised it in the parliament.

Mr MARSHALL: So, you instructed that member of your staff to put in an FOI?

The Hon. A. KOUTSANTONIS: My staff are entitled—and the public—to know you took taxpayers' money. You have a number of FOIs into my office right now. Are you compiling a dirt file on me? Are you saying FOIs are dirt files?

Mr MARSHALL: Certainly not.

The Hon. A. KOUTSANTONIS: FOIs, for the committee's information, are the retrieval of information that the government independently decides is available to the public. I believe that transparency and sunshine are the best disinfectants. I heard the member on radio, I think yesterday, talking about Tiger Airways and saying that the government was claiming commercial in confidence and trying to hold back contracts. I am sure you are not doing the same thing with that FOI, are you?

Mr MARSHALL: My question was really: did you issue an instruction to a member of your ministerial staff, or somebody who is from the Department of the Premier and Cabinet?

The Hon. A. KOUTSANTONIS: I am happy to answer any question you have here about the budget. I have told you, I act in the highest possible standards.

Mr MARSHALL: It specifically relates to a budget line.

The Hon. A. KOUTSANTONIS: What budget line?

Mr MARSHALL: Line 1 on page 81.

The Hon. A. KOUTSANTONIS: What, ministerial FTEs?

Mr MARSHALL: Yes.

The Hon. A. KOUTSANTONIS: How does that relate to an FOI?

Mr MARSHALL: It talks specifically about \$1,685,000 worth of state taxpayer funds which are given to you and your ministerial office. I want to know whether you are using that budget line to issue instructions to do background information on members of parliament.

The Hon. A. KOUTSANTONIS: I do not think it is an abuse and I understand that you issued an FOI about those documents that involved you personally using and were exempted from paying for those, I understand, and then you withdrew them. Is that right? Is that correct? That you issued an FOI into DMITRE about these matters relating to you personally? Is that an abuse of public office? Do you think it is? Is that why you withdrew it?

Mr MARSHALL: Mr Chairman, I am wondering whether the minister is going to answer the question or whether he is going to—it is just easier for him to say, 'I refuse to answer the question,' but the question is pretty specific: is he aware or did he issue any instructions to any member of his staff—

The Hon. A. KOUTSANTONIS: I have answered that.

Mr MARSHALL: So, you were not aware of it?

The Hon. A. KOUTSANTONIS: I have answered it. I think you receiving \$50,000 from the taxpayer to upgrade your business to become commercially competitive in a growing global financial world to give better online services, and then selling it later to a foreign company, is legitimate public information. If you do not think it is, object.

Mr MARSHALL: Did you issue the instruction for Owen Brown to put that FOI in?

The Hon. A. KOUTSANTONIS: Did I issue the instruction to Owen Brown? You are talking about whether or not I directed him to issue an FOI. I do not know how any of that is relevant to the budget line—any of it.

Mr MARSHALL: So you refuse to answer the question?

The Hon. A. KOUTSANTONIS: I am answering. I am speaking. I am not being silent. I am not answering it the way you want me to answer it, but that is to be expected.

The CHAIR: The question has been asked and answered. Move on to the next question if you wish.

The Hon. A. KOUTSANTONIS: What are you afraid of, Steven? The truth?

Mr MARSHALL: I just want the answer to the question.

The Hon. A. KOUTSANTONIS: If you are not afraid of anything, release all the documents.

The CHAIR: I direct both the minister and the member to move to the next question.

Mr MARSHALL: I refer to the SME Investment Development Program on page 100. The SME Investment Development Program was contained in the 2011-12 budget and was announced to be cut during that same period. It was actually announced to be cut after a round had been called and after applicants had submitted their application to your department. My understanding is that they had been verbally informed that they had been recommended and then afterwards they were told that this program had been cut. Is the minister aware that many of these companies incurred significant financial cost to put the applications in?

Most SMEs do not have the requisite skills internally, so most of them went out to employ external services to assist in the application. Given the fact that they thought they had a chance of receiving the money, they were prepared to take that risk, but when that opportunity was completely taken away from them it seems to me unfair. Is the minister aware of that and has the minister taken any course of corrective action?

The Hon. A. KOUTSANTONIS: I accept what the member is saying: that some of them do not have the time; they are time poor because they are operating their businesses, so they often outsource to have their programs written. I have told the officers involved in the production of those programs that if any business incurs significant costs in developing the applications I would ask those businesses or companies to come and see me about those costs and legitimise what the complaint is, and I will do what I can to try to have those costs reimbursed.

Also, if companies were told verbally by anyone in the department that they were going to be approved for a loan, I want to know about it. If anyone was told that they were going to be approved for a grant, I want to know about that as well, and who it was. So, if anyone has come to your office saying that they have incurred considerable expense and were told by the department that they were going to be successful, that there was going to be a recommendation to me to approve, I would like to hear about it. I agree with you. I think that small to medium-sized enterprises are doing it tough enough without having the government add this expense on them, but, by the same token, there are a number of companies that incur considerable expense and are unsuccessful.

It is a very fine line to walk between reimbursing everyone and finding out whether or not we probably would have approved the loan. So, it is a good-faith deliberation that we have to undertake. Some companies probably do not like that process. You can say that with any grant or loan. If people who apply for a grant miss out, do we reimburse their costs? No, we do not. I take your point, and I am happy to hear any representations that you may have. That is the way we used to run this committee until you dived into the pit.

The CHAIR: Minister, please do not bait him. Member for Norwood, just go to your next question.

Mr MARSHALL: I just have a question of clarification on that one, if that is possible. My point really is that the companies, the SMEs, incurred a cost based upon an assumption that they had a chance with that grant. They did not have a chance with that grant because that grant money was taken away before anybody was allocated the money. Are you saying that you are prepared to look at reimbursing completely legitimate costs that you verify are related to putting that application in, regardless of whether or not they were told they had been approved?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Good. Excellent; thank you very much. I appreciate that.

The Hon. A. KOUTSANTONIS: And it is based on merit. Let us be clear about this. It will depend on the amount of work, the people they hired, the cost of the business in comparison to the size of the business, what they were asking for in comparison to what they currently do and the strategic importance of it. We would probably assess it in the same way we would have assessed whether or not they would have been successful. So, I am not going to say here that we are going

to approve a reimbursement for everyone, but I will take it on a case-by-case basis, and I encourage you, if you have any, to give them to me.

Mr MARSHALL: Thank you very much.

The CHAIR: In accordance with the agreed timetable, I advise that the committee stands suspended until 11.45am.

[Sitting suspended from 11:28 to 11:47]

Membership:

Mr Williams substituted for Mr Marshall.

Mr Pederick substituted for Ms Sanderson.

Departmental Advisers:

Mr G. Knight, Chief Executive, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Dr P. Heithersay, Deputy Chief Executive, Resources and Energy, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Ms E. Ranieri, Deputy Chief Executive, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Ms A. Allison, Director, Corporate Services, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr V. Duffy, Executive Director, Energy Markets and Programs, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr B. Goldstein, Executive Director, Energy Resources, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Ms R. Knights, Director, Energy Markets, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Dr T. Tyne, Executive Director, Mineral Resources, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr P. Polychronopoulos, Chief Finance Officer, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr M. Leane, Manager, Energy Programs, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr R. Faunt, Director, Technical Regulation, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Ms A. Hill, Director, Demand Management and Advisory, Department for Manufacturing, Innovation, Trade, Resources and Energy.

The Hon. A. KOUTSANTONIS: The government is acutely aware that energy prices are an issue for many people in South Australia. Despite the government having very little power to influence pricing, we are undertaking several initiatives in an effort to support consumers in increasing energy efficiency and reducing energy use. These efforts also support the government's commitment to environmental sustainability and limiting the state's carbon footprint.

The government makes available services to help consumers manage their own energy use. DMITRE's Energy Advisory Service provides advice and toolkits to households on how to minimise the impact of energy bills on budgets so consumers can actively take control of energy bills. The Residential Energy Efficiency Scheme has provided many free home energy audits and given away thousands of energy efficient products since it started in 2009. It was designed with a special focus on low income households, something that is unique to South Australia.

South Australia can also be proud of its leading role in national programs such as minimum energy performance standards for everyday household appliances. Consumers are advised to

shop around our competitive retailers for the best deals and to check whether they are eligible for energy concessions. The concession for eligible low income families increases to \$165 per year on 1 July 2012, and the Medical Heating and Cooling Concession, which was introduced on 1 July this year, also increases to \$165 on 1 July.

The commonwealth's Clean Energy Future package, including the key reform of a carbon price, will support other measures to limit our carbon footprint. About 25 South Australian high-polluting companies will be covered by carbon pricing in the stationary energy, waste, rail, domestic aviation and shipping, industrial and fugitive emission sectors. Household and light commercial fuel use will not be subject to the carbon price.

According to commonwealth modelling, the average household's weekly expenditure is expected to increase by \$9.90 due to the carbon price, including rises in electricity and gas costs. The Essential Services Commission of South Australia has recently determined that the rises in electricity and gas costs passed on to consumers in South Australia will be lower than in other states due to the lower emissions intensity of the South Australian generation sector. About eight million households across the country are expected to receive an assistance package with these costs through the \$15 billion assistance package. In most cases, this assistance will cover the entire estimated \$9.90 cost.

The South Australian government's long-term approach to energy provision also includes our commitment to developing the state's renewable energy resources. In 2010-11, renewable energy production amounted to 22 per cent and renewable energy consumption amounted to 24.1 per cent—already exceeding the original SASP target of 20 per cent. As a result, we have set a new renewable energy target—that it make up 33 per cent of the state's renewable energy production by 2020. This is the most ambitious renewable energy production target in the nation.

South Australia hosts some of the world's best wind resources and currently hosts 15 wind farms that are fully operational, equivalent to 1,203 megawatts. This represents approximately 48 per cent of the nation's installed capacity, the best in the nation. This government's streamlined planning and approval processes are attractive to renewable energy developers and help ensure such projects are undertaken in South Australia rather than elsewhere.

The resources portfolio is committed to ensuring the state's resource wealth is developed to benefit all South Australians for generations to come. This portfolio drives forward growth and sustainable development of our state's mineral and energy endowment and we do this within the world's best regulatory framework. The message this state takes to the international resource and investment community is that South Australia leads in technological know-how, stability, prospectivity and low risk and enjoys an envied position of strong bipartisan support, creating a stable investment and development environment.

The portfolio encompasses leading-edge regulation, environmental assessment and royalty administration of the minerals, petroleum, gas and geothermal sectors. It carries responsibility for attracting sustained exploration investment through the provision of pre-competitive geoscientific data and the facilitation and regulation of new minerals projects in South Australia.

DMITRE provides a supportive legislative and case management framework for industry across all areas of resource development, from initial exploration, to discovery, through the life-of-mine operations. Under our state's supportive framework, our resources industry is building jobs and economic prosperity across the state, contributing to the long-term wellbeing of regional communities. Evidence of a high-performing sector is that this state benchmarks strongly against other leading jurisdictions in our endeavours to deliver world's best practice and policy.

In the independent 2011-12 Fraser Institute Global Mining Survey of the world's mining jurisdictions, South Australia ranked in four of the top 10 rankings against 93 jurisdictions, including first in the world for geological databases, first for security, seventh for trade barriers and eighth for legal processes. South Australia also achieved an overall ranking of 11th for composite policy and mineral potential. We join with industry and community in celebrating the result of the standout success of the combined mineral and petroleum sectors, demonstrated by growth in production.

In calendar year 2011, production reached a record \$6.5 billion, increasing by \$1.6 billion from \$4.9 billion in 2010—that is 31 per cent more production on the previous year. Latest figures for the 12 months to April confirm the trend that mineral and petroleum exports are the largest export sector for South Australia, accounting for 37 per cent of the state's total exports, increasing to \$4.327 billion from \$4.025 billion, up \$302 million or 7.5 per cent.

Growth in the mineral sector continues as a result of mine development and expansion, rapid production growth and ongoing exploration effort. Lead indicators previously impacted by the global financial crisis (GFC) have since rebounded to the highs experienced pre-GFC. The figures and facts on production and exports provide proof of a sustained new level of mining in this state. In 2010 this state hosted only four mines—today we have 20 major mines operating, approved or under construction. This is a fivefold expansion in the number of major mines approved in the last decade.

In the 2011 calendar year, production for the mineral sector reached a record \$5.5 billion, a \$1.5 billion increase from 2010. This significant 38 per cent increase means that this state is on track to meet the challenging target of \$10 billion set out in South Australia's Strategic Plan for mineral production and processing by 2020. In the last financial year the mining industry increased its contribution to the state's gross product by \$1.059 billion, taking it to \$3.895 billion.

A breakdown of the state's commodity production highlights that South Australia is a globally-significant producer of copper, uranium and heavy mineral concentrates and is stepping up its production of iron ore. Copper production increased by \$640 million from \$1.94 billion in 2010 to \$2.58 billion in 2011. Heavy mineral concentrates have increased by \$333 million from \$92 million in 2010 to \$425 million in 2011. Uranium has increased by \$160 million from \$161 million in 2010 to \$321 million in 2011; and last year we led the country in its production.

Iron ore has increased by \$123 million from \$860 million in 2010 to \$983 million in 2011. The value of minerals exported by South Australia in 2011 totalled \$4.2 billion, up \$927 million (28 per cent) on the previous year. Mineral exports have quadrupled since 2004 and doubled since 2006.

Labour force figures released by the ABS on 14 June covering the last quarter show the highest level of employment recorded in the mining industry in South Australia since ABS records commenced in 1984. It is clear for all to see that the South Australian resources sector goes from strength to strength, with strong sector performance and sustained levels of long-term growth. Then, of course, there is Olympic Dam.

Olympic Dam continues to operate as Australia's largest underground mine, providing jobs, exports and royalties to this state. In support of an expansion of the mine, our government has completed key approvals with due diligence and rigour, and I thank the opposition for its bipartisan support. In October 2011 the government released the assessment report of the Olympic Dam expansion's environmental impact statement, which can be described as the most thorough and detailed assessment of its kind in our state's history.

This development approval requires BHP Billiton to commit to more than 150 stringent conditions set out in the 447-page assessment report. Enabling legislation required to allow the expansion project to proceed secured bipartisan approval, as I said, through the parliament in November 2011 clearing the path for the company to make its decision. Legislation was brought into operation as an act on 15 December 2011.

The amended indenture will take effect once the minister (that's me) gives notice in the *Gazette* that BHP has notified the South Australian government of its intention to commence the development of an open-pit mine. This notification in the *Gazette* must be within 12 months of the act coming into operation. Together both the assessment report and the indenture legislation represent a massive body of work.

BHP Billiton has committed to the required rollout of the \$1.2 billion in precommitment, spending \$525 million in South Australia as part of the first phase. A major factor in negotiations with BHP Billiton focused on local industry participation. More recently, we have seen BHP Billiton, in conjunction with the Industry Capability Network, host a number of local supplier forums to provide information to South Australian firms keen to provide goods and services to the proposed expansion, and work has begun on upgrading the Stuart Highway between Port Augusta and Pimba.

I reiterate that this government has done everything possible with due diligence to progress this opportunity with vigour and responsibility on behalf of the people of South Australia. The expansion of Olympic Dam is now progressing through BHP Billiton's own internal approvals processes. While the proposed expansion is a great opportunity, it does not stand alone. There are nearly 30 advanced projects in the mining pipeline. In the north and west the state has seven advanced major approved mines or projects that in their own right will be significant drivers for investment, infrastructure, skills and new jobs.

We focus not only on fostering strong growth within the mineral resources sector, but we have seen over the last 12 months a number of significant advancements in the energy resource sector. For example, the draft 'Roadmap for unconventional gas projects', released on 14 May 2012, has been proactively initiated by my department to provide potential unconventional gas explorers and related stakeholders with information that reduces uncertainty and therefore supports efficient, profitable investment in our state.

This roadmap is a shining light of what can be achieved through effective and collaborative engagements across industry, non-government and government stakeholders. In conclusion, our resource industry is a major contributor to the our state's economic stability and growing prosperity, and the mineral resources and energy portfolio will help drive forward a strong and sustainable sector for the benefit the people of this state.

Mr WILLIAMS: I do note that 15 minutes of the time has already transpired, so I will go straight into questions, other than to make the remark that it was interesting to see that the rate of growth in the mineral sector in South Australia almost matches the growth in water prices in this state in the same period, trebling and doubling.

I refer to Budget Paper 4, Volume 3, page 93 under the highlights. Does the minister still believe that he and his colleagues are right in saying that South Australia is experiencing a mining boom? In last year's estimates I asked the following of the 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 minister responded:

I completely reject the Deputy Leader of the Opposition's assertions.

He further went on to say:

There is a mining boom going on in South Australia.

The South Australian Centre for Economic Studies confirmed last Friday that South Australia is not experiencing a mining boom, and only this morning Andrew Woskett, the Managing Director of Minotaur Resources, the company that found the Prominent Hill resource, stated that the mining boom in South Australia was 'a myth'.

The Hon. A. KOUTSANTONIS: I am advised that the report that the member for MacKillop is quoting from was released on Monday 18 June 2012. The report states:

However, notwithstanding the strong growth in the mining industry activity in South Australia in recent years, it is nevertheless difficult to sustain the notion that South Australia is in the middle of a 'mining boom'. SACES 2012 (p.21)

The SACES report on the whole gives a fairly factual indication of the measures of the mining industry in South Australia. Aside from some incorrectly reported facts in the report, SA's share of national mineral exploration was reported as 6.6 per cent, but actually it is 8.75 per cent according to the ABS statistics in the 2011 mineral exploration section. Of course, they included Osborne as a South Australian mining project, when, in fact, it is in Queensland. So, the report that you were quoting from is factually incorrect; but why let that get in the way of a good story, hey, Mitch?

The report acknowledges the strong growth in industry activity, which is supported by the ABS and DMITRE data demonstrating increasingly high sustained levels of activity across the minerals industry value chain. This strong growth is not in dispute. What is in dispute is whether or not South Australia is experiencing a mining boom. SACES' assertions are that South Australia will only experience a mining boom when Olympic Dam goes ahead—and I quote:

It seems to us [that's them] that South Australia can only truly be said to be experiencing a 'mining boom' when the massive Olympic Dam expansion project proceeds (or if some other similar similarly significant project (or projects) come along).

What is not clear is what they define as a mining boom. Mineral industry growth—

Mr WILLIAMS: What do you define as a mining boom?

The Hon. A. KOUTSANTONIS: I am about to tell you. I will also read out what *The Advertiser* thinks of your assertion that we are not having mining boom as well. In terms of mining industry growth current indicators, current annual figures used vary from calendar year 2011 to 2012 to date, depending on the timing of data released.

The South Australian minerals industry continues to grow across all areas of the industry of the value chain, and the benefits to South Australia are now evident in significant jobs growth in the sector. The evidence is clear that growth is occurring not only in lead indicators such as mineral exploration and capital expenditure, but is translating to lag indicators such as mineral production and mineral exports, supporting claims of a new sustained level of mining in this state. Lead indicators were heavily affected by the GFC, reflected in the downward turn in 2007 and 2008 ABS mineral exploration and capital expenditure figures, but these have since rebounded to the highs experienced pre-GFC.

It should be noted, however, that despite the GFC, lag indicators—mineral production and mineral exports—continue to grow and show no signs of stalling or declining. Our mineral exploration expenditure for the 12 months to March 2012 reached \$323.6 million, exceeding the previous 12 months to March 2011 by \$106 million, the highest expenditure since the pre-GFC peak of \$355.2 million, and significantly increasing the SASP target to maintain exploration above \$200 million until 2015.

South Australia's share of Australian mineral exploration for 2011 was 8.75 per cent, not 6.6 per cent, which is what you are relying on from the SACES document, page 3. However, South Australia's share of mineral exploration remains a small national share, and has declined since 2007 when it was as high as 16 per cent.

According to ABS figures, new private capital expenditure for the mining industry—note that this includes the minerals and petroleum sectors—for the March 2012 quarter was \$316 million, which is the highest it has been since December 2008. New capital expenditure is increasing as the result of the construction of new mines in South Australia. Private new capital expenditure for the 12 months to March 2012 totalled \$1,147 million, which is \$348 million higher than for the previous 12 months to March 2011, totalling \$799 million. It is lower than for 2008, when annual figures reached \$1,587 million during the construction of the \$1.2 billion Prominent Hill mine.

The 2012 SACES report, on page 21, points to this dip in capital expenditure, saying:

The level of private new capital expenditure by the mining industry in South Australia in the 12 months to March 2012 (the latest period for which data is available) was less than that which occurred in 2008 and 2009, although up a little on capital expenditure in the previous 12 months...

South Australia maintains a strong pipeline of 30 diverse mineral development projects, with significant potential capital to be spent on their development.

The continued expansion of our state's resources industry has seen major investment in minerals, petroleum, gas and geothermal energy, securing a projected \$34 billion of resource projects in the pipeline. This is in addition to the estimated \$30 billion Olympic Dam expansion. These projects are documented in the South Australian government's 2011/12 Major Projects Directory and the recent RESIC Infrastructure Demand Study 2011, indicating \$59 million in project and infrastructure capital for the resources sector development projects.

In terms of mineral production in 2011, we reached a record \$5.5 billion, increasing from \$4 billion in 2010 by \$1.5 billion, or 38 per cent. This significant increase in production sees the state on track to achieve its SASP target of \$10 billion in mineral production and processing by 2020.

The value of mineral commodities produced in South Australia has increased significantly from 2011, and I read out the increases in copper, heavy minerals, gold, uranium and iron ore. The major increase in production is due to the increased production from existing and new major mines across South Australia, which continues to be a globally significant producer of copper, uranium and heavy mineral concentrates and which is stepping up production of iron ore. Mineral and petroleum production in 2011 reached a record \$6.5 billion, increasing from \$4.9 billion in 2010, up by \$1.6 billion or 31 per cent.

I have to say that ABS labour force data for the South Australian mining industry, released on 14 June 2012, showed that the total number of people employed in South Australia in the mining industry increased by 3,500, up from 10,910 in the February 2012 quarter to 14,413 in the May 2012 quarter. This is the highest level of employment recorded in the mining industry in South Australia since ABS records began. The previous high was in February 2007, prior to the GFC, when figures showed that 12,302 people were employed in that sector.

These high levels of employment in the mining industry are a direct result of: an increase in the number of major mines operating under construction in South Australia (that is, 20 major

mines); advanced mineral development projects; and a return to the high levels of mineral exploration experienced before the GFC. The annual average total number of people employed in the South Australian mining industry for the 12 months to May 2012 was 11,500; this is 3,384 higher than the annual average for the 12 months to May 2011, which was 7,767, and it is the highest annual average since 2008.

Mitch, get your head out of the sand; it is a mining boom. Get on board, back it. It is your state, they are your constituents—

Mr WILLIAMS: Did you not hear Andrew Woskett this morning?

The Hon. A. KOUTSANTONIS: —it is the ABS figures—

Mr WILLIAMS: Didn't you hear him this morning? It's a myth, Tom; it's a myth.

The CHAIR: Minister, could you refer to the member by his—

The Hon. A. KOUTSANTONIS: I have to say, when I attend private functions around the state where the member for MacKillop is in attendance and does not have speaking duties but I do, the first person I always acknowledge in the room is the member for MacKillop. The first thing I always say to those potential investors in this state is that there is a bipartisan political approach to mining in this state. I have to say, I do not know if he is under pressure, I do not know if he is feeling the heat, but this is really beginning to frighten me, because the member for MacKillop—

Mr WILLIAMS: Mr Chairman, what does this have to do with estimates?

The Hon. A. KOUTSANTONIS: The member for MacKillop thus far as been one of my strongest allies—

The CHAIR: Minister—

The Hon. A. KOUTSANTONIS: —in the private sector in talking up this state's potential, and now that has changed. That is a pity, Mitch; it is a pity.

The CHAIR: Member for MacKillop, your next question?

Mr WILLIAMS: I will seek your indulgence, given the freedom you have given the minister. The Liberal Party does offer bipartisan support to the mining sector; what we are concerned about is the government overhyping the sector. There are a number of small and medium-sized businesses out there which have made investment decisions that have gone bad because they believe the hype of this government: that is the issue, and I wish the minister would at least acknowledge that.

The reality is that we, as an opposition, have done everything we can to support the mining sector in this state and will continue to do so. Indeed, Olympic Dam would not have been there but for the Liberal Party—in spite of the Labor Party. My next question—

The Hon. A. KOUTSANTONIS: Can you name one, Mitch? Just name a company that changed its decision—

Mr WILLIAMS: There are a number of businesses—

The Hon. A. KOUTSANTONIS: Name one.

Mr WILLIAMS: I will come to you—

Mr PEDERICK: We ask the questions.

Mr WILLIAMS: Yes.

The Hon. A. KOUTSANTONIS: Oh, okay. You can't name one, Mitch.

Mr WILLIAMS: I refer to the same reference, page 95, concerning BHP Billiton's proposal at Roxby Downs. My question is: does the minister accept that companies like BHP Billiton, that are reliant on revenue streams from the iron ore and coal operations, are concerned that impacts from these industries, because of things like the mineral resource rent tax and the carbon tax, may have effect on their planned expansion and the timing thereto?

The Hon. A. KOUTSANTONIS: No, I do not, and I find it remarkable that the alternative mining minister in this state would be arguing about a tax that is imposed on, basically, Queensland and Western Australia, which still does not cover copper and uranium, and is bad for mineral investment in this state. But, again, that is just the way they roll. No, I don't expect that BHP will delay their decision based on the MRRT.

It is a capital investment scheduled over a long period of time—over a long mine-life period. I think that the member for MacKillop should probably have a long conversation with BHP about this himself, rather than trying to tap in to some sort of federal campaign, and put South Australia first—but that's asking a bit much, I suppose.

Mr WILLIAMS: The minister obviously does not understand that BHP does rely on coal and iron ore for a significant portion of its international revenues. My question to the minister is: if BHP does not trigger the variation to the indenture by serving the minister with a project notice, is it not the case that the existing indenture will continue, and that BHP Billiton will continue to hold the lease over the ore body which is the subject to their expansion proposal?

The Hon. A. KOUTSANTONIS: Good question. We are in this strange place where the opposition have called on me to grant BHP an extension before they have asked for. So, what the opposition have basically said—

Mr WILLIAMS: No, we haven't.

The Hon. A. KOUTSANTONIS: I am answering the question, Mitch. What they have basically said is: if we were the government, if we had actually worked out a marginal seats campaign and won the last election, what we would have done—that is, the opposition—is granted BHP an extension before they asked for it.

That would have given BHP the room and time to go out and invest in other projects in Queensland, Western Australia, Canada, South Africa—somewhere else—because the opposition is so desperate that they would just stand up to anything but pressure. No; I do not accept that their policy settings on this are right.

In terms of the existing indenture remaining in place, it does carry on. He is right; it does. They can continue mining the underground mine and it is our expectation that they would. It is a very productive, good mine, but the trigger date is 15 December for the new indenture. That gives—as the member would know—long-term financial security to BHP and long-term environmental security to BHP.

It is probably the most complex indenture ever negotiated by any state government in the Federation. I would go even further to say—and I would be prepared to be proved wrong—that I doubt there is any more comprehensive approval process structure amongst any first-tier government anywhere in the world for one mine and I think that was handled exceptionally well. The other part of your question, member for MacKillop, was about the royalty certainty, was it?

Mr WILLIAMS: No; it was about the existing indenture and, given the answer to that question, Mr Chairman, why has the minister been stating publicly that he will not extend the time for BHP's decision because he did not want them sitting on the project? I can quote what he said verbatim: '...I'm not inclined to give them an extension, we've got to protect the people of South Australia.' Matthew Abraham asked him 'From what, what are you protecting them from?' 'Land banking,' said the minister. 'We're not going to have mining companies come in, get the approvals, and sit on the asset for years.' He has just confirmed, I believe, that whether the indenture is amended or not, BHP will continue to hold the lease over that particular piece of land.

The Hon. A. KOUTSANTONIS: I am continually amazed by the member for MacKillop.

Mr WILLIAMS: I'm sure you are, minister.

The Hon. A. KOUTSANTONIS: I am, as I suppose are your colleagues.

The Hon. S.W. KEY: We all are.

The Hon. A. KOUTSANTONIS: Yes; after all this is about the Olympic Dam 'expansion'—the key word in the whole process, member for MacKillop—and if they do not expand it, then they can operate under their existing indenture with the underground mine. I have never said to my knowledge that they would cease mining at Olympic Dam. What I have said is that I am not prepared—as you have already stated that you are prepared—to grant them an extension before they even ask for one.

Mr WILLIAMS: I've never stated that.

The Hon. A. KOUTSANTONIS: Your leader did.

Mr WILLIAMS: I don't believe so.

The Hon. A. KOUTSANTONIS: Do you disagree with your leader?

Mr WILLIAMS: I don't believe she actually said that.

The Hon. A. KOUTSANTONIS: I will get the press release for you. The Leader of the Opposition has, on advice that I have, called for the government to grant an extension for Olympic Dam. Yes, the underground mine will continue if they do not proceed to expand. That has always been the intention. That is why we had the Olympic Dam Task Force to help negotiate the expansion of Olympic Dam, the world's largest open-cut mine—you may have heard of it. If they do not expand the mine, they can continue to operate in their current operations. I think that is pretty self-evident.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 3, page 93. In the highlights, you have said, 'Actively case-manage at least two significant mining developments to achieve final approvals'. Why is this set as a target? Surely the number of approvals is determined by the number of project applications. Shouldn't a more appropriate target be to conclude all permitting in a timely fashion? I will add that I ask the question because, as the minister said, I quite regularly attend mining functions with people from the sector and I do on regular occasions have people express their concern about the time it takes to achieve permitting.

The Hon. A. KOUTSANTONIS: Are you saying people raise concerns with you about the permitting process and the time it takes to get permits in South Australia?

Mr WILLIAMS: I have asked the question. I am just concerned about the target being two projects rather than being around timely outcomes.

The Hon. A. KOUTSANTONIS: I receive constant praise from my departmental contemporaries around the country. Norman Moore, the mining minister from Western Australia, says to me that he thinks DMITRE—especially the minerals and energy resources part—is probably one of the best examples of bureaucracy that has a 'can do' attitude in Australia. That is something that I have always thought held quite bipartisan support, because these officers are recognised for what they have done to help the productivity and prosperity of this state. Quite frankly, I think we are very lucky to have people like those who are sitting alongside me and behind me working for the people of this state.

We have set very conservative targets of two. I am advised that on page 94 that we set targets of two. The estimated results are actually double that: four. We actively case manage every single mine application and mining venture in this state. We work not on our timelines but on the company's timelines. They are the ones with the private capital. They are the ones who are taking most of the risks. We work to assure them.

If the member for MacKillop is saying here publicly on the record that he is being inundated by people coming up to him at these functions saying that they are worried about timely approvals in this state, I would say to him that perhaps the more productive manner of raising those concerns in the long-term interests and benefits of this state is to raise them personally with my officers, who I know you have relationships with. I know that Dr Heithersay, Dr Tyne and Mr Goldstein talk with you regularly and give you regular briefings, so I am surprised that you would raise that as an issue at estimates. I hope that is not a reflection on them; I am sure it is not, because I think they are—

Mr WILLIAMS: Fair go, Tom.

The Hon. A. KOUTSANTONIS: Well, you are the one raising that we are not doing it in a timely process.

Mr WILLIAMS: It is your government that resources the department, Tom. If there is any reflection, it is on you and your government.

The Hon. A. KOUTSANTONIS: There you go; it is my fault. I think we do it and we do it exceptionally well. I have just been advised that in the budget process we have budgeted for 15 extra regulators to speed up the process.

Mr WILLIAMS: I wonder why, Tom.

The Hon. A. KOUTSANTONIS: Because we are in a mining boom and we have more mines. That's why you grow your department.

Mr WILLIAMS: No, 15 more regulators because there has been a problem.

The Hon. A. KOUTSANTONIS: That is why you grow the areas that are creating productivity and wealth. Isn't that a stark contrast in the attitudes of the two political parties: one, too much bureaucracy and there is no mining boom; we are giving extra resources to get faster

approval processes and removing red tape. I think you can see what we are getting. That is the example of yesterday's thinking; this is an example of forward thinking.

Mr ODENWALDER: My question relates to Budget Paper 4, Volume 3, page 95. Can you provide an update on the progress towards the environmentally sustainable development of unconventional gas in this state?

The Hon. A. KOUTSANTONIS: Yes, I can. Many countries, including Australia, have enormous potential for the development and use of unconventional gas, including shale gas, coal seam gas, gas in low permeability reservoirs, and synthesis gas manufactured from coal as feedstock for synthetic liquid transport fuels. I am pleased to say that there is growing evidence that we can expect South Australia to benefit greatly from our very significant natural endowment in unconventional gas resources.

The prospect of expanded use of gas for electricity generation and for making otherwise stranded energy resources available as feedstock for liquefied natural gas (LNG) exports and/or synfuel manufacture is driving energy companies to progress exploration and appraisal programs over multiple prospects in the state. The prospective development and use of unconventional gas can be expected to deliver huge rewards without significant harm to social, natural or economic values. These rewards include energy security, gas supply-side competition, reduced emissions for power generation at lowest cost, and wealth, through jobs and commercial returns on truly large investments.

Additionally, the viability of using unconventional gas resources as feedstock for synfuel is becoming more certain with the rising price for oil, and this could dramatically increase South Australia's transport fuel production and improve security of transport fuel supplies.

Given these investment drivers, more than 20 companies/joint ventures are now focusing on exploring unconventional gas plays with giant discovery potential in South Australia. This exploration is in addition to exploration in conventional oil plays in the onshore frontier Officer and Arckaringa basins, the offshore frontier Bight Basin, and in existing commercial, conventional oil and gas plays in the Cooper-Eromanga and Otway basins.

The unconventional gas resources targeted in South Australia include CSG, shale gas, gas in low permeability reservoirs or 'tight gas', underground coal gasification (UCG), and the gasification of mined coal. All these projects need to be developed, produced, processed and transported in environmentally sustainable ways or they simply will not be approved. Further, exploration into frontier basins for giant oil accumulations may also find giant gas accumulations. With such diversification, the chance that at least one of these unconventional gas plays will lead to resources sufficient to underpin exports is very high.

The success of one or more of the 20 plus companies/joint ventures focused on unconventional gas in this state could result in sufficient gas supplies to underpin exports of liquefied natural gas (LNG) and/or synthetic transport fuel (synfuel) supplies from South Australia.

To fully capture the gas resource potential in South Australia, DMITRE and the Department of Planning, Transport and Infrastructure (DPTI) convened a roundtable discussion with industry. The aim of the unconventional gas round table sought to assess the adequacy or otherwise of supply-chain infrastructure and the availability of technologies necessary to support unconventional gas enterprises to underpin supply-side competition in the domestic gas market and to provide feedstock for new LNG and/or synthetic transport fuel for exports and domestic use.

The first major output from that round table was a draft roadmap for unconventional gas projects in South Australia that was released for public comment on 14 May 2012. The draft roadmap comes from an 18-month collaborative process and reflects the views of a vast number of stakeholders, including 86 industry bodies, petroleum and coal licence holders, service companies, infrastructure suppliers and government agencies that are current members of the Roundtable for Unconventional Gas.

Additional organisations, including petroleum companies not yet holding licences in this state and groups focused on environmental protection, have now joined the round table following the roadmap's release, and more organisations are expected to join the round table by the last date for submissions, on 27 July 2012.

Those who are already part of the round table and those who will join the round table by 27 July 2012 will have a further say in the final form of the roadmap via workshops to be convened ahead of publishing the final form of the roadmap in November 2012. I am advised that these

workshops will, in particular, inform the development of recommendations for the roadmap for unconventional gas projects in South Australia.

The intended result will be a nation-leading tool that outlines the very real potential of environmentally sustainable development of South Australia's unconventional gas resources. The draft roadmap is already informing industry strategies, government policies and public perceptions in an effectively consultative way. Indeed, work on this roadmap parallels complementary work in COAG fora that is focused on harmonising leading practice regulation for coal seam gas, with South Australia as chair of the relevant working groups of the Standing Council for Energy and Resources.

I will conclude by saying that people, enterprises and communities who best understand the nature and the needs of unconventional gas projects will be in the best position to reap the fullest welcomed rewards from the development of unconventional gas resources.

The new South Australian Roundtable for Unconventional Gas will play a vital part in the development of strategies and policies to support this emerging industry in our state and shape this government's direction in ensuring that all South Australians can benefit from this state's resources boom. Hopefully that answers your question.

Mr ODENWALDER: Yes, it does, and very succinctly.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 3, page 91. In the income part of the table, what is the explanation for the expected significant rise in income from \$12.9 million to \$15.6 million for the following year?

The Hon. A. KOUTSANTONIS: I have been advised that the 15 extra staff who have been put on to cope with the ever-increasing mining boom that is going on in this state will be funded through fees recovered from the industry. What differentiates these fees from other fees and services that are paid is that this is going back into the industry. I have had discussions with people in the industry about cost recovery. I think the biggest cause of concern is people seeing the mining industry as some sort of cash cow.

What we have done here is walk a very fine line between returning services to the industry for fast regulatory approvals, less red tape and less green tape, through increased fees. I think it is very good, and the effect is both volume (there is increased activity) and prices increase fees. With the increase in activity you need more staff to cope with the mining boom that is underway in South Australia, which is acknowledged by very conservative people like Chris Russell, who I would not normally consider to be what the shadow minister would call exuberant. Chris Russell spoke at length in his business journal about the errors of the Leader of the Opposition in her claims that we are not in a mining boom. I would refer the member of MacKillop to that business journal and that article because it was quite scathing of what he thought were naive comments.

Mr WILLIAMS: The same table, there is a figure under the sales of goods and services that has gone from a little over \$2 million in the 2011-12 year to \$3.6 million and then to \$4.22 million. Can the minister explain what goods and services have created that increase? Similarly, the other income has gone from \$627,000 to \$2.49 million from the 2011-12 budget to the 2011-12 estimated result, and a similar figure budgeted, \$2.39 million, for the forward year. Can the minister explain the rise in both of those items?

The Hon. A. KOUTSANTONIS: Rather than give you an inaccurate answer, can we let the officers work it out exactly.

Mr WILLIAMS: There is a change.

The Hon. A. KOUTSANTONIS: I have never misled the parliament, ever.

Mr WILLIAMS: I never said that. It was just about your accuracy.

The Hon. A. KOUTSANTONIS: I am advised that, overall, there has been an increase of \$1.503 million to the 2011-12 budget to the 2012 estimated result, which mainly relates to the increase of \$1.937 million due to transfer of remote areas energy supplies raised in Aboriginal communities by the Department of the Premier and Cabinet during 2011-12, offset by a decrease of \$0.434 million, mainly due to reclassification of raised fuel excise budgeted to other income. It is not an increase in fees, it is moving responsibility from one department to another for—

Mr WILLIAMS: It has come in as other income, not as intragovernment transfers.

The Hon. A. KOUTSANTONIS: Rather than say yes, how about we get some advice? I am advised that the revenue comes from consumers. The transfer is of responsibilities. That is why

it is not marked down as an intra-government transfer of funds because the revenue comes from consumers who use the scheme. That revenue, I am advised, was previously reported under DPC. If that statement is in any way inaccurate, I will get back to you with a very quick response to make sure that it is entirely accurate.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 3, page 92. It talks about the Brukunga mine site remediation expenditure carryover. This is a huge project that has been going on for many years. Can you tell the committee where we are at with the status of that project and when we expect it to be completed? I think it is close to a \$20 million project, overall.

The Hon. A. KOUTSANTONIS: First things first: I offer you a much more detailed briefing any time you choose to ask for one. The department staff will be more than happy to take you to the site again and show you around and make sure you are fully aware. You are more than welcome to come up and have a look.

I am advised by DMITRE that it has undertaken an extensive technical assessment of options for remediation of the mine site located about 10 kilometres north-west of Mount Barker. This assessment was supported by field trials and expert technical advice from a group of internationally recognised experts in mine site remediation in acid and metalliferous drainage. DMITRE is currently undertaking detailed investigations and design for the next phase of the remediation program. The rehabilitation project has \$19.2 million allocated over the next four years, with \$1.8 million allocated for 2011-12.

DMITRE has commenced with the next steps in the remediation program. This includes a major works program for a further 300-metre extension of the current Dawesley Creek diversion. These works are expected to be completed by 2012-13. The extension of the diversion will result in a larger proportion of clean and treated water remaining isolated from the contaminated mine site runoff water to provide a measurable overall improvement to water quality in Dawesley Creek downstream of the mine. As part of the next steps, a major program of technical planning and design work will commence in 2012-13 for the full remediation of the Days Creek portion of the Brukunga site.

If you want a more detailed explanation, I can read out the details, or you can get a briefing from the department. I think what it does show, looking back at it, is that remediation of mine sites is very important. It allows us to get greater access to minerals and deposits that are close to regional centres. Having good practice in remediation helps you earn your social licence to operate. It is not just about companies or explorers having a social licence to operate: it is about the department being able to stand up in good faith and say, 'We can do the right thing.'

Brukunga is a legacy issue that we are dealing with and grappling with, and I think all governments of all political persuasions have grappled with how to deal with this mine. That is why we like to see rehabilitation put at the very beginning of all mine plans rather than at the end. Thinking about it, putting steps in place and having bonds in place in some cases are very clever ways of making sure we do not have these legacy sites ever again.

This is going to be a very long, detailed clean-up and it ignites a lot of passions in that region, as it should. People have a right to expect that their water is not polluted; they have a right to expect that mining can be done safely and in environmentally friendly ways; and we have an obligation to make sure we fix this.

Mr WILLIAMS: I now move to Budget Paper 4, Volume 3, page 96, Sub-program 3.4: Energy Policy and Programs. The table is about the expenses, income and net cost of the subprogram. From where is the income of \$7.9 million derived?

The Hon. A. KOUTSANTONIS: Those increases are from RAES. If you want a detailed breakdown of where they have come from, I am happy to provide the committee with those.

Mr WILLIAMS: It is from the remote areas scheme. That is what people are paying in places like the APY lands, Coober Pedy etc.?

The Hon. A. KOUTSANTONIS: Yes; and if there are any other parts that are not included in my explanation we will get you a detailed response. I am advised that it is in the remote areas.

Mr WILLIAMS: It is income from those remote areas. That's okay; that's fine.

The Hon. A. KOUTSANTONIS: Like I said, if there is any other part of it we will get what they are to you.

Mr WILLIAMS: Minister, I note quite recently that you have been expressing concerns about the feed-in scheme, which I am assuming is handled under this particular sub-program—energy policy and programs. You have expressed concerns that the feed-in scheme is running for 20 years rather than five years notwithstanding, I think, that the then minister in the original debate suggested that the parliament would most likely come back and extend it from time to time.

You have made public statements about the fact that the scheme is going for 20 years and the cost impacts of that. If you were concerned about those cost impacts, why did your government seek to increase the feed-in rate from 44¢ to 54¢ (some 23 per cent) as recently as last year—an increase which would have lasted over the 20-year life of the scheme?

The Hon. A. KOUTSANTONIS: Given the—and I will use a Greek word here—hypocrisy shown by the member for MacKillop in that he supported amendments to have the scheme last for 20 years, and given that in a deadlock conference as we speak is a measure that will increase power prices by a further \$1.23 million, I am advised, to further increase the scope of the solar feed-in tariff, how can he sit here with a straight face and criticise this government for wanting to have a five-year plan? As far as I am concerned, you are the guilty party.

Mr WILLIAMS: Mr Chairman, is the minister obliged to answer the question, or is he just allowed to go on and talk about something which is not in the question at all? The question was about why his government wanted to increase the cost of the scheme by some 23 per cent.

The Hon. A. KOUTSANTONIS: I just want to add a correction, if I can, to the transcript. I said that, in a press release, the opposition wanted the extension of Olympic Dam to be granted. It was not in a press release, it was on Channel 10. The headline is: 'The opposition says an extension should be considered.' A grab from Isobel Redmond, Leader of the Opposition is, 'Quite frankly, you know, we need to be as flexible as they need to be.' In a press release from the Hon. David Ridgway—

Mr WILLIAMS: You're using a bit of licence there, Tom.

The Hon. A. KOUTSANTONIS: The press release from the Hon. David Ridgway MLC, Leader of the Opposition in the upper house, attacks me for ruling out a deferral. The press release and states:

The last thing that BHP Billiton needs now is for some cowboy government to hold a gun to its head. BHP Billiton says [this is David Ridgway] it's all about the allocation of capital.

He goes on to say:

In Mr Nasser's words, BHP Billiton should pause, take a deep breath and see where pieces fall around the world.

I quote the Hon. Mr Ridgway:

The state government should pause, take breath, and see that South Australia doesn't break into pieces because of events on the other side of the world.

What he is saying here is that we should grant them an extension.

Mr WILLIAMS: No; he's saying what he said, which is not what you claim he said. Similarly for the Leader of the Opposition—you claimed they said.

The Hon. A. KOUTSANTONIS: As to your question about your reckless voting in parliament, well, we will find the appropriate response—

Mr WILLIAMS: The question was: why did you seek to increase by a further 23 per cent as recently as last year?

The Hon. A. KOUTSANTONIS: I understand that the shadow minister and his federal colleagues are plotting a scheme to remove the solar feed-in tariff. I note comments on Sky News. I am not sure whether he was consulted—I think that it might have been the shadow environment spokesperson, the member for Norwood. However, there was a report which talked about all solar feed-in tariffs and exercising their powers under the constitution to excise those powers from the state in a way that may be to try to remove that subsidy from South Australian customers.

Mr WILLIAMS: Mr Chairman, if the minister sticks to answering the question he might not get so in accurate. That is an outrageous assertion that he has just made. I know what he is talking about, and I think it is about a conversation that Greg Hunt had, the federal shadow minister for the environment. I spoke to Greg Hunt on this matter yesterday, and you are completely, completely misrepresenting his position.

The Hon. A. KOUTSANTONIS: I think if there's a South Australian—

Mr WILLIAMS: Why don't you answer the question about why you wanted to increase the cost of the solar feed-in scheme by 23 per cent for those unfortunate South Australians who do not have solar panels on their roofs?

The Hon. A. KOUTSANTONIS: The parliament has the final say on this scheme, and the member's voting record is there to be seen by all.

Mr WILLIAMS: Yes, I voted against your 10¢ increase.

The Hon. A. KOUTSANTONIS: Then voted for a 20-year life—

Mr WILLIAMS: I didn't then anything; that was done four years before.

The Hon. A. KOUTSANTONIS: You didn't vote for the measure?

Mr WILLIAMS: That was done four years before.

The Hon. A. KOUTSANTONIS: You didn't vote for that measure?

Mr WILLIAMS: Than was done four years before.

The Hon. A. KOUTSANTONIS: Okay; well, we'll check. He is saying he didn't vote for that measure.

Mr WILLIAMS: I didn't then.

The Hon. A. KOUTSANTONIS: So you were against it before you were for it?

Mr WILLIAMS: I did not then, after we defeated your 10¢ increase.

The Hon. A. KOUTSANTONIS: I think the reality of all this is that one in seven South Australian's has solar PVs on their roof. The member for MacKillop is out there saying that this is a bad thing, yet he votes to extend the scheme to 20 years, substantially increasing the cost on South Australians for a long period of time.

The government was faced with an all or nothing option, when he and the Greens, his close political allies, came together and imposed on the government a scheme that would last 20 years at 44¢ for a solar feed-in. That was for five years which, for the interest of the committee, would have expired next year. So, the next years after that are all because of you and the work you have done with Mark Parnell to keep that subsidy going.

Mr Williams interjecting:

The Hon. A. KOUTSANTONIS: You can laugh all you like, but I can tell you that South Australians who are facing higher power price increases—

Mr WILLIAMS: The minister refuses to answer the question.

The Hon. A. KOUTSANTONIS: I am answering.

Mr WILLIAMS: The question is: why after—

The Hon. A. KOUTSANTONIS: I know you're under pressure, Mitch, I know.

Mr WILLIAMS: Four years after the scheme had already been established as a 20-year scheme, why did the minister and his government propose to increase the cost of the scheme by another 23 per cent, shifting the rebate from 44¢ a kilowatt hour to 54¢ a kilowatt hour? That is the simple question, minister, and you might respond to that.

The Hon. A. KOUTSANTONIS: The government sought to increase the feed-in scheme from 44¢ to 54¢ to reflect increases across Australia that put our scheme in line with other jurisdictions. I think the question people will be asking themselves today is: will a Redmond government, like the O'Farrell government attempted to do until there was a significant backlash, given your remarks about your hatred—

Mr WILLIAMS: My remarks?

The Hon. A. KOUTSANTONIS: Your remarks about your antipathy towards wind and solar. I think everyone who spent any amount of money putting PV on their roof should be concerned about your election to form a government, because if—

Mr WILLIAMS: Mr Chairman, is this going to degenerate into a slanging match or is it going to be about answering questions about the budget?

The CHAIR: The question has been asked and the question has been answered. Next question.

Ms BETTISON: My reference is Budget Paper 4, Volume 3, page 96. Minister, how can the government help people to reduce their energy use in the home and help to minimise the impact of rising electricity in gas prices?

The Hon. A. KOUTSANTONIS: I think it is fair to say that this government is committed to supporting households affected by rising energy prices and offers a range of services to help people. For more than 30 years, we have delivered the Energy Advisory Service offering people free independent energy advice. We provide comprehensive energy information on the government website sa.gov.au. This includes advice about retailers and billing as well as practical ways to save energy.

The government has developed the home energy toolkit to help households audit their own energy use and to find ways to save. Each toolkit contains a comprehensive home energy auditing manual to help people find out what is using energy in the home and give them practical solutions to reduce that use. The toolkits include a range of useful items such as a digital thermometer, a compass and stopwatch that can be used to guide and calculate energy use. The toolkit also includes a power meter that can measure the energy use, running costs and greenhouse gas emissions for any plugged in appliance. Home energy toolkits can be borrowed free of charge from every metropolitan library and most regional libraries in South Australia. In the last year alone they were borrowed more than a thousand times by South Australians.

I can announce to the committee today that the government will also be offering home energy toolkits to every member in the House of Assembly in South Australia so that members can lend them to constituents from their electorate offices. In the coming weeks we will send formal notification to each member to outline how they and their staff can instruct others on how to use these kits.

It is hoped that this initiative will help provide household and business consumers as much insight is possible on ways to reduce their energy consumption and, ultimately, decrease their annual costs.

The Hon. S.W. KEY: Excellent. Great initiative, minister.

The Hon. A. KOUTSANTONIS: It is a great initiative.

Mr WILLIAMS: This is the same reference as the last question I asked. Minister, if your government was so concerned about the impact of the cost of the feed-in tariff scheme why, when you introduced legislation into the parliament last year, did you not take note of the recommendations of the review that your government had carried out into the feed-in scheme and legislate that the scheme would be capped when the cost reached \$10 per household, as per the Victorian scheme, rather than let it run out? We saw an announcement about a week ago, I think, that the cost per household is now \$114. I understand that the review was to report to government by the end of calendar year 2010, well before the scheme got out of hand.

The Hon. A. KOUTSANTONIS: The member for MacKillop has me at a disadvantage; I was not the minister at the time. You have been shadow minister for how long?

Mr WILLIAMS: Longer than you have been the minister.

The Hon. A. KOUTSANTONIS: That's right. Okay, so when you voted to increase this scheme for 20 years, with the Greens, you were the shadow minister—and you are attacking me for a scheme that I was not minister for—

Mr WILLIAMS: I didn't vote for it. It was—

The Hon. A. KOUTSANTONIS: That Greek word comes to mind again. What is it? Hypocrisy.

Mr WILLIAMS: I didn't vote for it; it was carried on the voices. I think I voted for it about as actively as you did.

The Hon. A. KOUTSANTONIS: The last refuge of a scoundrel: I didn't vote for it, I voted for it on the voices.

Mr WILLIAMS: I voted for it as actively as you did—

The Hon. A. KOUTSANTONIS: You are a member of parliament; you could have called a division.

Mr WILLIAMS: And so could you.

The Hon. A. KOUTSANTONIS: I wasn't the minister.

Mr WILLIAMS: Nor was I the minister.

The Hon. A. KOUTSANTONIS: You were the shadow minister, and you were so worried about it that you voted for it every time. The scheme was amended by the parliament in June last year to limit the cost impacts on solar customers and provide the solar industry and consumers with a transition away from public support. As a result of the amendments, the 44¢ kilowatt hour feed-in tariff was closed to new entrants at midnight on 30 September 2011. I understand you supported that, member for MacKillop. Don't let the facts get in the way of a good story. Customers in this category would be eligible to receive their feed-in tariff up until June 30—ready for it—2028, thanks to the member for MacKillop and the Hon. Mark Parnell.

Mr WILLIAMS: Why didn't you put a cap on it, minister? That was the question.

The Hon. A. KOUTSANTONIS: We can go around in circles and circles on this. The reality is this: we have a 20-year scheme because the Liberal Party and the Greens moved amendments in the upper house.

Mr WILLIAMS: The reality is that we have 100,000 people on it because you didn't cap it, minister.

The Hon. A. KOUTSANTONIS: We were forced to either accept a solar feed-in tariff for 20 years or none at all. That was what the parliament gave us. If you cannot even be man enough to accept some responsibility for it, how can you possibly govern?

Mr WILLIAMS: You are in government, and you are not accepting any responsibility for it.

The Hon. A. KOUTSANTONIS: As I said, we have a 20-year scheme. We voted for it, but so did you, and you are over there criticising it. I am saying, while you are criticising it, shouldn't South Australians be wary of someone who criticises it in public but votes for it in the parliament? Shouldn't we be wary of someone who says, 'Solar feed-in tariffs are increasing your power prices,' and then moves amendments in the upper house to do that very thing? You have admitted that in the parliament just recently.

Mr WILLIAMS: I sought to make amendments—

The Hon. A. KOUTSANTONIS: No wonder you are under threat.

Mr WILLIAMS: I sought to make amendments in the parliament. In fact, it was the Chairman, as the member for Light, who in June 2009, I think, said that the review was already happening. The review did not start until October of that year.

The Hon. A. KOUTSANTONIS: Well, explain your amendments. Explain your amendments to the upper house.

Mr WILLIAMS: I can explain it all to you, minister.

The Hon. A. KOUTSANTONIS: You do that; do not talk about that, it might be embarrassing for you. Let us move on.

Mr WILLIAMS: Mr Chairman, the minister is obviously not going to answer the question—

The CHAIR: Next question.

Mr WILLIAMS: I will move on. I refer to Budget Paper 4, Volume 3, page 98—Performance indicators. Minister, it says, AEMO 'has significantly revised forecasts since the 2011-12 Target was set' on the percentage of renewable energy generated. The target was set at 28.5 per cent for 2011-12. The estimated result was 22.6 per cent, and the target for the following year is 23 per cent. Can you explain the changes there, and what has happened in the meantime?

The Hon. A. KOUTSANTONIS: You want me to explain AEMO's changed forecast?

Mr WILLIAMS: Well, it is in your budget.

The Hon. A. KOUTSANTONIS: AEMO would make their recommendations based on a body of work that they have done, and would advise us. I will ask the department to get you a considered answer and make sure that we have based that on what AEMO have told us, and

whether there is anything new. We will get back to you on that, but I assume that is leading to something else?

Mr WILLIAMS: On the same table—Performance indicators—the percentage of efficiency in government buildings. The comment states:

Targets based on linear progress to 2020 target of 30 per cent improvement from last confirmed actual achievement.

How is this measured? We have seen the targets going from 17.3 per cent to 18.7 per cent to 19 per cent, and to 20.1 per cent. It goes on:

The South Australia's Strategic Plan target was revised in 2011 and so the 2011-12 Target has also been revised—

so that looks like it was in the past—

The methodology for calculating the targets has been revised and now annually resets the following year's target based on the remaining gap between performance and the 2020 target. Estimated result for 2011-12 based on linearly extrapolating 2010-11 Actual result.

What on earth does all that mean, minister?

The Hon. A. KOUTSANTONIS: Good question. I call on my director of energy to give you a brief, detailed answer the way only he knows how.

Mr DUFFY: Thank you. In this case, the way the energy efficiency is calculated in general is to take the energy use of the departments—across the various departments—and divided by, in large part, the metres squared of building use, and that gives you the percentage improvement as you get either increased building size and reduced energy use. So, that is how we are tracking the improvement of energy efficiency.

The discussion about the different targets is that the original Strategic Plan had 25 per cent improvement by 2014, and the updated Strategic Plan target had a target of 30 per cent by 2020. When you do the straight-line extrapolation from the starting point in 2000-01, you have slightly different slopes. So, that was what we were trying to explain, that the two graphs give you slightly different answers, depending on—

Mr WILLIAMS: So it is not really a straight line.

Mr DUFFY: It is not a straight line anymore; you have a kink in it at 2014. So, we are trying to explain that. Obviously, we did not achieve it that well.

Mr WILLIAMS: It kept me up all night, trying to work it out.

The Hon. A. KOUTSANTONIS: Did your eyes start to bleed?

Mr WILLIAMS: If I may, Mr Chairman, I refer to the same table, in the next part, where it talks about the South Australian residential energy efficiency index. Are they percentage figures?

Mr DUFFY: The answer to the question is that they are not percentages, they are the number of households per terajoule of energy use. As you improve energy efficiency, you get more houses per terajoule of energy use in South Australia.

Mr WILLIAMS: And again, that is just taking the total energy use and dividing it by the total number of houses?

The Hon. A. KOUTSANTONIS: Yes, I am advised.

Mr WILLIAMS: I refer to page 72 of Budget Paper 6. There is a \$565,000 per annum initiative to support the attraction of renewable energy investment. Is this funding solely to help companies make applications to the commonwealth for commonwealth funds or will monies be given to companies to support R&D and/or to supplement the commonwealth funding?

The Hon. A. KOUTSANTONIS: If you read further on page 72, the explanation is:

This initiative provides \$565 000 per annum (indexed) to support the attraction of renewable energy investment to South Australia and assist companies to seek renewable energy funding from the Commonwealth.

So it is 'as is'. I am advised that there are two FTEs from renewables.

Mr WILLIAMS: So all of the money is about aiding companies to make their application?

The Hon. A. KOUTSANTONIS: I am advised that it is not just about helping them fill out application forms. It is about case-managing their investment, much the same way, I am advised,

that we case-manage other things within DMITRE. It is about assisting companies to case-manage their applications, case-manage their investments. It is not just a body to sit there to fill in grant forms for prospective renewable energy companies.

Mr WILLIAMS: That is what I was trying to work out. I have a few minutes more, Mr Chairman. The member for Chaffey would like to ask a question.

The Hon. A. KOUTSANTONIS: You found it? Oh, good.

Mr WHETSTONE: I have.

The Hon. A. KOUTSANTONIS: You were criticising me before for reading.

Mr WHETSTONE: The fourth dot point under Highlights 2011-12 refers to final approvals for several mining developments, including the Mindarie heavy mineral sands mining project in the Mallee. Can you tell me how the remediation is progressing, and what is the timetable before that remediation will happen before mining can proceed?

The Hon. A. KOUTSANTONIS: I apologise to the member. It is a very good question and it is one that should be detailed. It is a very good estimates question, too, so I apologise for us not having the details of the remediation plans here. I can offer you a full briefing at your convenience at the earliest opportunity for you to sit down with my department officers to get a full briefing for you, and anyone else you want within the community.

Mr Pederick interjecting:

The Hon. A. KOUTSANTONIS: Yes, absolutely. Have I offered you a briefing already?

Mr WHETSTONE: You have offered both of us.

The Hon. A. KOUTSANTONIS: I am happy for you to have a briefing, and I apologise for not having that information here ready to go.

Mr WHETSTONE: Apology accepted.

The Hon. A. KOUTSANTONIS: You're welcome. See how it works? You are nice to me, I am nice to you.

The CHAIR: Do members on my right have a question?

The Hon. S.W. KEY: Yes, Mr Chairman, I would love to ask a question. As the minister knows, I am the chair of the Natural Resources Committee in parliament and we have looked at geothermal energy in South Australia. I am referring to Budget Paper 4, Volume 3, page 94. South Australia, I believe, provides a strong national leadership in supporting geothermal energy as a potential solution to climate change and the need for cleaner forms of renewable energy. Minister, can you provide an update on the progress of geothermal energy development in the state?

The Hon. A. KOUTSANTONIS: Thank you very much, member for Ashford. She is right: she has had a leading role in helping this government formulate its plans to try to reduce our carbon imprint, and I think for that you should be thanked. Geothermal energy is an emerging technology with considerable potential to impact upon the carbon emission footprints of this state and provide us with renewable, clean baseload power. The government recognises this potential and has led by example in supporting the development of geothermal energy through:

- the introduction of a tailored regulatory framework, which is very important;
- the provision of leadership for the Australian geothermal sector overall, as Australia's contracting party to the International Energy Agency, for geothermal energy matters, and as the Secretariat for the Australian Geothermal Energy Group; and
- through targeted grants totalling \$6.1 million to industry and research institutions.

As a result of all these supporting measures, South Australia has attracted 86 per cent of all investment in Australian geothermal energy exploration projects, or an estimated \$634 million of a total of \$733 million in the period from 2002 to 2011. There are 191 geothermal exploration licences currently active in South Australia. Our state leads the nation in the number of geothermal licences awarded.

Local geothermal projects have captured 93 per cent of all federal government grants offered for projects nationwide, which is \$193 million of \$205 million in total. South Australia is home to the three most advanced geothermal projects in Australia: Geodynamics in the Cooper

Basin, Petratherm in the northern Flinders Ranges, and of course Panax Geothermal in the Otway Basin.

These projects are recognised internationally as amongst the most significant engineered geothermal systems projects in the world and are the only locations in Australia where deep wells have been drilled to test the geothermal resource. Geodynamics has drilled three wells at their Habanero site near Innamincka in the Cooper Basin and has already demonstrated proof of concept. It has built a one megawatt demonstration power plant onsite ready to generate electricity and is currently drilling a fourth well, which will provide geothermal energy to the power plant.

Petratherm has drilled one well into the Paralana geothermal resource and has stimulated that well. Test results have shown that a fractured geothermal reservoir is present and the company is preparing to drill a second well to connect into that reservoir. If circulation between the two wells is achieved then Petratherm will have demonstrated proof of concept. Panax has also successfully drilled one well into its geothermal reservoir near Penola in the state's South-East and is currently reviewing the results gathered from that well.

These positive outcomes in South Australia's geothermal sector have been possible due to supportive investment and regulatory frameworks, and attractive incentive programs, including this government's highly successful PACE initiative, and a range of federal government renewable energy funding programs. With continued support of this nature, the government is confident that the South Australian geothermal sector can lead the nation in the successful development of large-scale geothermal energy reserves.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 3, page 96, which talks about energy programs. Is it the government's expectation, with the introduction of the commonwealth carbon tax, that this will subsume most of the state initiatives in this area, or do you expect that the state government will still be running programs to reduce the state's carbon footprint?

The Hon. A. KOUTSANTONIS: Are you asking whether the carbon tax will stop all state spending on reducing our carbon footprint?

Mr WILLIAMS: No. Basically, do you see the commonwealth carbon tax as being an effective way to address the issue, or do you think that it is not an effective way and that we will continue to need state programs?

The Hon. A. KOUTSANTONIS: I fully support the carbon tax, and I am looking forward to you travelling to Whyalla on 1 July when your federal leader said it would be wiped off the map because of its implementation. I think it is important that our programs complement a price on carbon. I am advised that COAG has announced a review to make sure that programs complement the carbon tax, and we are going to participate.

It is important also that we keep on pushing energy efficiency. Your own policy of direct action also encourages a higher level of spending on polluters and, of course, energy efficiency programs. So, I think in terms of the carbon tax as an issue, there are two different philosophies towards it. We want to tax polluters, whereas the opposite side of politics will use general revenue, which is tax on general consumers, to spend money on direct action. That is the fundamental difference between the two. We have to make sure that we complement the carbon tax, so we will participate in the COAG announced review.

Mr WILLIAMS: I refer to page 97 and specifically to the APY lands. Has the solar array that was built on the APY lands—and I think it was funded by the commonwealth back in 2003—now been abandoned? Can you inform the committee whether any electricity is generated in the APY lands using any renewable technology?

The Hon. A. KOUTSANTONIS: I am advised that that commonwealth government solar array has been shut down and is not operating. I am also advised that it probably will not be re-engineered or turned on again because of the excessive cost. They are obviously questions for the federal minister. In terms of what renewable energy is on the lands, my advice is that most of it is generated by diesel generators and diesel gensets.

Mr WILLIAMS: Most or all?

The Hon. A. KOUTSANTONIS: I will have to get back to you with an answer. I do not know whether there are some solar lights operating; I do not know how many of those there are. I do not want to mislead you, so I will get a detailed answer for you.

Mr WILLIAMS: I refer to page 98, Sub-program 3.5: Technical and Safety Regulation. I refer to the highlights for 2011-12, particularly the achievement of a low level of energy safety

incidents and accidents. Was the rate of incidents and accidents any different from that experienced in previous years?

The Hon. A. KOUTSANTONIS: Yes, there has been a fatality in the Riverland. Someone was operating on live wires, and I am advised that they came into contact with those live wires and it was fatal. I am advised that a coroner's inquiry is under way and, from what I know thus far, that inquiry has not reported as yet. So, that is the difference. I do not know the details of this person: their age, or whether they were married or single. I do not have any of the details. You probably know better than me.

The CHAIR: Do you have another question?

Mr WILLIAMS: I do. I assume that the omnibus questions for the minister's agency have already been read into *Hansard*. I assume that the minister will supply answers to those questions for these lines.

The CHAIR: Yes, they were read into the record this morning.

Mr WILLIAMS: In that case, I will ask this question: page 92, Mineral Resources. I am delighted the government is putting \$2 million into the Woomera Geoscience Survey Program. Is it the case that, previously, no geoscience work has been done in the Woomera Protected Area? My understanding is that there has been mineral activity, or exploration activity. I think Western Plains Resources wanted to open a mine there several years ago but was stopped by commonwealth Defence, and I believe that Prominent Hill is within the WPA. Can you give the committee some information about what geoscience activity has occurred previously?

The Hon. A. KOUTSANTONIS: My advice is that there has been substantial work done, but it is patchy, and this \$2 million PACE initiative, I suppose you could call it—it is not really PACE but based on that—is all about filling in those gaps. I think that Woomera is one of the most important areas of land to be opened up for exploration in this country's history. I hope the legislation is passed quickly and expeditiously and in a bipartisan way in the federal parliament and I hope we can get our geoscientific data out to the public as quickly as we possibly can, getting explorers and mining companies actively interested in Woomera, and unlocking, I think, one of the most vast potential areas of mineral resources this state has to offer.

The CHAIR: There being no further questions, I declare consideration of the proposed payments completed for the Department for Manufacturing, Innovation, Trade, Resources and Energy.

The Hon. A. KOUTSANTONIS: Mr Chair, in the interests of the long-term respect I have for *Hansard*, I forgot to read something out that my adviser Mr Barry Goldstein has written for me. He says: do you know the dangers of dating a tennis player? The answer is: to them, love means nothing.

The CHAIR: Thank you, minister.

The Hon. A. KOUTSANTONIS: I am advised.

The CHAIR: Minister for Manufacturing, Innovation and Trade and humorist, of course, as well.

At 13:17 the committee adjourned until Monday 25 June 2012 at 09:00.