

HOUSE OF ASSEMBLY
Tuesday 26 June 2012
ESTIMATES COMMITTEE A

Chair:

Mr T. Piccolo

Members:

Ms Z.L. Bettison

Ms V.A. Chapman

Dr S.E. Close

Ms R. Sanderson

Ms M.G. Thompson

Mr D.C. van Holst Pellekaan

The committee met at 09:02

DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE, \$954,509,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF PLANNING, TRANSPORT AND
INFRASTRUCTURE, \$4,041,000

Witness:

Hon. T.R. Kenyon, Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for Recreation and Sport.

Departmental Advisers:

Mr R. Hook, Chief Executive, Department of Planning, Transport and Infrastructure.

Mr T. Arbon, Director, Office for Racing.

Mr P. Dowling, Principal Policy and Planning Manager, Office for Racing.

Mr P. Anderson, Executive Director, Office for Recreation and Sport.

Mr M. Spratt, Senior Accountant, Office for Recreation and Sport.

Mr P. Freeman, Acting Manager, Planning, Office for Recreation and Sport.

Mr B. Cagialis, Chief Finance Officer, Department of Planning, Transport and Infrastructure.

Mr I. Houridis, Director, Office for Recreation and Sport.

Ms K. Taylor, Director, Office for Recreation and Sport.

Mr W. Battams, Director, Office for Recreation and Sport.

The CHAIR: I declare open for examination the Office for Recreation and Sport, part of the Department of Planning, Transport and Infrastructure. Before I invite you to introduce your advisers and make an introductory remark, there are a couple of introductory remarks I have to make.

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 a reference must be given prior to asking a question.

All questions are to be directed to the minister and not his or her advisers, although the minister can ask their adviser to provide an answer. 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 committee members.

I also wish to advise that, for the purpose of the committee, television coverage will be allowed, if they desire, from this point here. I understand that the minister and the lead speaker for the opposition have agreed on a timetable for today's proceedings. I now propose to allow both the minister and the lead speaker the opportunity to make some opening statements of up to 10 minutes if they so desire.

The Hon. T.R. KENYON: I have an opening statement. The state's racing industry makes an important economic and social contribution to South Australia, adds significantly to gross state product annually, and generates in excess of 3,000 full-time jobs. In addition, the racing industry contributes significantly to regional communities through tourism and employment and is a cornerstone of regional community life. The state's racing and wagering markets are financially interdependent, interrelated and structurally linked. The future of the sustainability of racing therefore requires continued strong inflows from wagering, and any changes to the wagering market are likely to affect racing's sustainability.

The racing industry receives an enormous amounts of financial assistance thanks to the actions of this government. Significant funding provided to the racing industry in recent years includes: \$5 million for facility upgrades at Morphettville; \$6 million for the development of the Gawler racecourse; TAB tax relief of approximately \$5.5 million in 2011-12, increasing to approximately \$6.5 million in the financial year 2012-13; and product fee legislation of approximately \$9.159 million per annum in 2011-12, increasing to approximately \$10.2 million in 2012-13.

This government is the only jurisdiction in Australia to phase out and redirect to the racing industry taxation revenue on wagering turnover on racing events. In fact, from 1 July, the state government will not receive any taxation revenue from wagering, with all taxation revenue from wagering on racing directed back into the state's racing industry. This is not a one-off grant but an ongoing revenue stream made possible by our reforms.

The wagering landscape in Australia has undergone seismic change, with the rapid growth of new types of Australian wagering operators. Corporate bookmakers and betting exchanges have rendered the wagering market virtually unrecognisable from what it was 10 years ago. Traditionally, the racing industry in each Australian jurisdiction has been financed primarily or wholly from the turnover of their local TAB, oncourse totalisers and bookmakers. This includes turnover on both local and interstate racing events.

In 2009, parliament passed legislation that allows racing controlling authorities to charge wagering operators from all jurisdictions a fee for accepting bets on their races. The uncertainty faced by all jurisdictions in relation to payment of product fees by wagering operators to racing club owners is now over. The appeal by Sportsbet and Betfair against the decision by the Full Court of the Federal Court was dismissed by the Full Court of the High Court in decisions handed down on 30 March 2012. The decisions handed down provide certainty and clarity for the racing industry, and the knowledge that it can charge wagering operators who accept bets on its races a fee either based on turnover or gross profit. This is certainly good news for the Australian racing industry.

As from 1 July 2012, the three racing controlling authorities will be leveraging wagering operators who bet on SA races a fee of 13 per cent of gross profits or 0.5 per cent of turnover, whichever is the greater, up from 10 per cent of gross profits. In addition, the thoroughbred code will be charging a premium of 18 per cent of gross profits during carnival time, the period of which includes all thoroughbred racing meetings conducted in April and the first two weeks of May. The effect of this increase means more money for the state's racing industry.

In February 2011, at the COAG meeting of the Select Council on Gambling Reform, racing ministers requested that the commonwealth government give consideration to introducing federal legislation to make it illegal for a telecommunications service provider to facilitate the transaction of a bet with a wagering service provider, unless that wagering service provider is authorised by the relevant body, and prevent financial institutions from processing betting transactions with a wagering service provider unless they are so authorised.

The Select Committee on Gambling Reform, at its May 2011 meeting, agreed on the principle that businesses that conduct wagering on racing should pay their way. The Australian Racing Ministers Conference met in Perth on 23 September 2011 and, after considering progress

reports from officers, resolved again to seek the immediate support of the commonwealth to do those things. The Hon. Terry Waldron, on behalf of the Australian racing ministers, wrote to Senator Conroy, the Hon. Jenny Macklin and the Hon. Bill Shorten seeking commonwealth support to protect the future of the Australian racing industry through legislative measures.

The Australian Racing Ministers Conference met in Hobart on 11 May 2012 and again resolved to continue dialogue with the federal government, seeking support for legislation to protect Australian racing from unauthorised offshore wagering operators. This matter remains under active discussion. There are certain to be other issues that will require each of the codes' national bodies, as well as governments, to address if racing is to continue to be funded adequately. I look forward to those discussions.

In the current financial year, the Office for Racing has been involved in a number of significant issues which impacted on the industry. These included:

- working with the controlling authorities and other government agencies regarding the Federal Court cases pertaining to the installation of betting terminals operated by corporate bookmakers;
- working with the controlling authorities on wagering issues that have the potential to impact on revenue received from gambling;
- working with the racing controlling authorities on the findings of the Productivity Commission report into gambling; and
- representing South Australia on national working parties to report on matters including advertising standards for wagering service providers, regulation of commissioned agents, COAG meetings of the Select Council on Gambling Reform as it relates to the racing industry, and consideration of a national totaliser pool.

The former Liberal government's corporatisation of the racing industry as well as our recent wagering reforms have seen the role of government in racing gradually decrease. However, as the minister responsible for working with all of the racing codes in this state, I am proud of the assistance this government has been able to give to this important industry and am looking forward to continuing it.

Mr VAN HOLST PELLEKAAN: I have a point of clarification. I appreciate the fact that the minister has mentioned racing, but we are here to talk about recreation, sport and racing.

The Hon. T.R. KENYON: Correct. If you have any racing questions, I have Terry and Phil here, so we will do them first and then move through to sport and recreation after.

Mr VAN HOLST PELLEKAAN: The bulk of my questions are about recreation and sport more broadly. I will only make one brief opening statement covering both. Certainly as an individual and as a member of parliament I value recreation, sport and racing incredibly highly. Recreation and sport have certainly been a very important part of my life for a long time. As well as the obvious physical benefits, there are enormous mental benefits and community benefits through recreation and sport, and I do appreciate the work that the department does.

There are the obvious benefits of fun, focus, effort, discipline, goal setting, achievement and teamwork. Even in individual sports, teamwork is incredibly important, even from a training perspective. People who compete in individual sports typically train as a team, so I think that is very important. Recreation, sport and racing certainly offer more employment and career opportunities than they ever have before. I am sure that will continue, whether people are employed as athletes, administrators or coaches. There are many other opportunities, particularly in racing. The minister touched on the value of racing. It is very important to recognise that it is actually one of our largest employers in Australia at the moment. The minister mentioned 3,000 jobs in South Australia, but there are many more than that when you consider the indirect benefits that racing brings to our economy as well.

Most importantly, I think there should be recognition for the volunteers who contribute to recreation and sport—volunteer coaches and parents particularly. They make a gigantic contribution to recreation and sport, but there is also a wonderful benefit for the community that comes out of it. I will finish by saying that I congratulate all the Olympians and Paralympians who have been selected already and who will be selected to go to London very shortly.

The CHAIR: Do you wish to start your questions?

Mr VAN HOLST PELLEKAAN: I refer to Budget Paper 4, Volume 3. I think that is the focus of where we will be, obviously. On page 157, Total Expenses, will the minister please advise what component of the recreation, sport and racing budget is allocated to racing, and can he please provide the breakdown of expenditure?

The Hon. T.R. KENYON: When you say 'allocated to racing', what do you mean?

Mr VAN HOLST PELLEKAAN: Of your total recreation and sport, understanding that you do not have a separate ministry for racing; it is all under recreation and sport.

The Hon. T.R. KENYON: You are right. We do have a separate Office for Racing through.

Mr VAN HOLST PELLEKAAN: That is right.

The Hon. T.R. KENYON: The Office for Racing budget for 2011-12 is \$605,000, and for the 2012-13 year it is \$591,000. In 2011-12, salaries made up \$273,000 and operational expenditure was \$332,000. The budget prediction for 2012-13, from a total of \$591,000, is salaries of \$275,000 and an operational budget of \$316,000.

Mr VAN HOLST PELLEKAAN: How many FTEs does that cover?

The Hon. T.R. KENYON: They are both here; my full department right here.

Mr VAN HOLST PELLEKAAN: The full department of two.

The Hon. T.R. KENYON: The full office, really.

Mr VAN HOLST PELLEKAAN: Do you expect that arrangement to stay in place; that two people will be representing racing in that department?

The Hon. T.R. KENYON: It is hard to say. We have to work within our FTE caps, so we will have to work through that process.

Mr VAN HOLST PELLEKAAN: But that is your intention anyway.

The Hon. T.R. KENYON: Yes.

Mr VAN HOLST PELLEKAAN: I refer to page 158, under targets. Can you please advise what resources are being allocated to achieve your racing targets that are mentioned: work with other jurisdictions in seeking commonwealth government support for legislation to protect Australian racing from unauthorised offshore wagering, and work with other jurisdictions to establish a national racing integrity advisory group? You made extensive comments on racing. The financial resources that you just mentioned, is that it? These two people will achieve all of that?

The Hon. T.R. KENYON: Well, they have so far. They have very little to do with the day-to-day operational management of racing because that is taken care of by the codes themselves. They are pretty much focused full time on the legislative side of the regulatory arrangements as they stand, and even they are fairly limited.

Mr VAN HOLST PELLEKAAN: Essentially that is really what comprises these two gentlemen's work: those two targets mentioned in the budget?

The Hon. T.R. KENYON: Advising me on issues relating to racing, all three codes, and also the effects of legislative changes on gambling, especially on the three codes, and then working with other jurisdictions on the things you mentioned before.

Mr VAN HOLST PELLEKAAN: Back to page 157, on staffing and FTEs in general, I note that the department has not achieved the reduction in FTEs that were expected of it over the last period. How many FTEs do you intend to cut this financial year?

The Hon. T.R. KENYON: Well, we will just have to work through that. However, being down to two, there are only two options.

Mr VAN HOLST PELLEKAAN: Sorry, through the total department.

The Hon. T.R. KENYON: With the Office for Recreation and Sport?

Mr VAN HOLST PELLEKAAN: Yes; I apologise.

The Hon. T.R. KENYON: Do you mind if I come back to that one? They are two separate offices: the Office for Recreation and Sport and the Office for Racing.

Mr VAN HOLST PELLEKAAN: Okay.

The Hon. T.R. KENYON: With only two people in the Office for Racing, I have two options, or three.

Mr VAN HOLST PELLEKAAN: They were my only questions for now, specifically about racing.

Ms CHAPMAN: Will the federal initiatives do anything to address the enormous amount of money that went directly to London (and avoided going to the hills) to back Black Caviar? Are there better odds available in London than there are in South Australia?

The Hon. T.R. KENYON: Do you mean betting on races in London or England?

Ms CHAPMAN: Correct.

The Hon. T.R. KENYON: People now have access to the internet and they have the option of betting with whomever they like. I think it would be fair to say that a large portion of the betting that occurred on Black Caviar happened with bookmakers based in Australia.

Members interjecting:

The CHAIR: Excuse me, can I have some quiet in the room, please? It is very hard to hear the minister. Continue, minister.

The Hon. T.R. KENYON: Black Caviar's race at Ascot was obviously in England, and they have their arrangements on betting in England and everything like that. English bookmakers obviously took bets, as they normally would on an English race. Also, Australian bookmakers took bets on an English race in Australia. The changes we are trying to get out of the federal government would make it illegal for overseas bookmakers to take bets on Australian races without having an agreement with the racing code to return funds to it, a proportion of each bet.

Ms CHAPMAN: I am asking you the reverse, that is: is there any capacity in this reform to minimise the leakage of Australian dollars—Australians betting overseas?

The Hon. T.R. KENYON: It is aimed to do that, but it does not really matter where they are betting in some respects as long as the bookmaker they are betting with has an agreement to return some form of revenue stream back to Australian racing.

Ms CHAPMAN: A lot of bookmakers do not, and that is my point.

The Hon. T.R. KENYON: That is right, and that is what the reforms we are seeking from the federal government are seeking to do: stop them offering bets on Australian races without having that revenue stream agreement with the Australian racing industry.

Ms CHAPMAN: I think we are at cross purposes, but that is all right.

The Hon. T.R. KENYON: Yes, I think we agree that that is what should happen. Sorry for being confused.

Ms BETTISON: Following in the vein of this question, in reference to Budget Paper 4, Volume 3, page 147: can the minister advise what the financial impact has been for the racing industry following amendments to the Authorised Betting Operations Act which allows SA racing clubs to charge wagering operators a fee who conduct betting on SA racing events?

The Hon. T.R. KENYON: Thank you, member for Ramsay. In 2009 the parliament passed legislation allowing racing clubs to charge wagering operators from all jurisdictions a fee for accepting bets on their races. Similar legislation applies in other jurisdictions. The South Australian legislation creates a process for the authorisation of interstate betting operators that are licensed in other Australian jurisdictions. Authorised interstate betting operators can offer betting services to persons located in South Australia by telephone, internet or other electronic means provided they comply with South Australia's consumer protection requirements which apply equally to South Australian licensees.

The requirement to pay contributions in accordance with the scheme commenced on 1 September 2008. It is estimated that in 2011-12 the racing industry will receive \$11.217 million from wagering operators other than the SA TAB that bet on South Australian races and in 2012-13 this amount is estimated to be \$19.650 million. In 2011-12 it is estimated that South Australian racing clubs will have paid interstate racing clubs for wagering on their races \$9.058 million and an estimated \$9.442 million in 2012-13. It is estimated that the net effect of this is that the racing industry will have received for the period 1 July 2011 to 30 June 2012 an additional \$9.159 million and for the period 1 July 2012 to 30 June 2013 an estimated additional

\$10.208 million. So the net impact of this initiative is certainly good news for the state's racing industry.

Just to make sure we are clear, Mr Chair, I think I have given a wrong number. It is estimated that in 2011-12 the racing industry will receive \$18.217 million from wagering operators other than the South Australian TAB that bet on South Australian races and, in 2012-13, this is estimated to be \$19.65 million—not \$11 million-plus as I may have said.

The CHAIR: Minister, you can change your advisers now if you wish.

Departmental Advisers:

Mr R. Hook, Chief Executive, Department of Planning, Transport and Infrastructure.

Mr P. Anderson, Executive Director, Office for Recreation and Sport.

Mr M. Spratt, Senior Accountant, Office for Recreation and Sport.

Mr P. Freeman, Acting Manager, Planning, Office for Recreation and Sport.

Mr B. Cagialis, Chief Finance Officer, Department of Planning, Transport and Infrastructure.

Mr I. Houridis, Director, Office for Recreation and Sport.

Ms K. Taylor, Director, Office for Recreation and Sport.

Mr W. Battams, Director, Office for Recreation and Sport.

Mr VAN HOLST PELLEKAAN: I will go back to that question about the FTEs. Can the minister please advise if the department is on track to achieve the reduction in FTEs from the Sustainable Budget Commission recommendations? How many FTEs will you cut this year?

The Hon. T.R. KENYON: The short answer is that we are ahead of where we need to be, so we are well on target—ahead of target. There will be some adjustments to where we need to be because the Office for Rec and Sport and the Office for Racing have been absorbed into the Department of Planning, Transport and Infrastructure—so it will all be picked up as part of that arrangement—but we are well on target, and have been for a while.

Mr VAN HOLST PELLEKAAN: Does that mean that the FTEs that were expected to be cut, which were not cut in the last year or two, will come out of another broader department, rather than rec and sport?

The Hon. T.R. KENYON: They were expected to be cut, and they were cut and, in fact, cut ahead of expectations.

Mr VAN HOLST PELLEKAAN: So, there will be no rec and sport staff—

The Hon. T.R. KENYON: No, I am not saying that. I am saying that we are already ahead of where we should be. We will meet whatever target we have to meet and that will also get wrapped up as part of the broader DPTI budget as well, so that will be considered as part of that. I do not think we will be cutting too many more out of rec and sport for the moment, but we have longer term budget targets to meet and we will meet them.

Mr VAN HOLST PELLEKAAN: In this financial year that you are about to start, you will not be cutting any staff?

The Hon. T.R. KENYON: I am not saying that. I am saying that at the moment we are ahead of where we need to be. Our budget this year is to cut two. If you are looking at the budget from a couple of years back and the timetable that was set out, we were supposed to lose two this year. We are already ahead of that, so, other than to continually seek efficiency savings and to make sure we are running as leanly as we can, there is no budget need for us to do that.

Mr VAN HOLST PELLEKAAN: Thank you.

The Hon. T.R. KENYON: I would never give you a guarantee that no-one would ever go.

Mr VAN HOLST PELLEKAAN: Thanks minister. Regarding Highlights 2011-12, Presentation of the Community Sports Hub Report, can the minister advise when the report was presented for government policy consideration?

The Hon. T.R. KENYON: I think that is a mistake. We have not presented that yet for public release.

Mr VAN HOLST PELLEKAAN: So, where it says in the budget that it has been done, it has not been done?

The Hon. T.R. KENYON: The report is done; it is not released yet. We are still formulating how we will deliver that.

Mr VAN HOLST PELLEKAAN: So, the report has been completed but not presented to government?

The Hon. T.R. KENYON: Correct.

Mr VAN HOLST PELLEKAAN: When do you expect that to happen?

The Hon. T.R. KENYON: As soon as we can; we will try and get that out as quickly as we can. It is an important document. It allows for a lot of people, local governments particularly, to start planning on their regional requirements.

Mr VAN HOLST PELLEKAAN: Okay. So the third dot point, just to be clear, says 'Highlights...Presentation of the Community Sports Hub Report for government policy consideration.'

The Hon. T.R. KENYON: I have it, so it has been presented to me, but I have not released it publicly. So, as it is printed in the budget is not a mistake—I beg your pardon—it has been presented to me, I have it, it is being considered and it will be released for public consideration as soon as we can.

Mr VAN HOLST PELLEKAAN: Regarding Targets 2012-13, point 3, will the minister please advise if funds are available from the Office for Recreation and Sport in addition to what is available under category 4 of the Community Recreation and Sports Facilities Program? Are there any available funds in addition to that?

The Hon. T.R. KENYON: In addition to category four of the CRSFP, that is, Community Recreation and Sports Facilities Program?

Mr VAN HOLST PELLEKAAN: That could be attributed to the outcomes of the Community Sports Hubs report. Let us assume that the report goes through. You say you have it, you are considering it, it has not been presented to government yet, but let us be optimistic and say that some sports hubs will be built. Are there funds that will be available for the building of those sports hubs in addition to that grant program?

The Hon. T.R. KENYON: No. The CRSFP (Community Recreation and Sports Facilities Program) is set aside for building community rec and sport facilities, as the name implies. All that money is available one way or another for sports hubs should a project come up, but it is an application-based project granted stream, usually with matched funding. Category 4, I think it is, has been set aside to allow us a little more flexibility on building hubs. At the moment the cap for other categories is \$500,000 and must be matched.

Under category 4 that is a higher amount, and there is \$2.5 million in that category 4 that could be used for a hub facility. It gives a little more flexibility in funding hubs out of the CRSFP program, but anything over and above the grants program money we would need to go to cabinet or part of the budget and put in a bilateral bid. The grant money is what we have got, that is what we can bank on, and anything over and above that is a bonus but unlikely.

The CHAIR: Is the next question in the same area or a slightly different area?

Mr VAN HOLST PELLEKAAN: It is a bit different, actually.

Dr CLOSE: My question relates to Budget Paper 4, Volume 3, pages 157 to 158. What is the government doing to support the continuous improvement of volunteer community sport and active recreation clubs in South Australia?

The Hon. T.R. KENYON: The government programs are quite substantial in terms of support for their local community clubs, and, in fact, on the whole, community clubs are largely the focus of the Office of Recreation and Sport. We do interact with the peak bodies through the state and the organising bodies through the state, but a large part of the time and effort of the Office of Recreation and Sport is directed toward community sports.

In 2011-12, \$17 million of funding was available through the Office for Recreation and Sport grant programs, and through the 2010-11 budget an additional \$5 million per annum—so, indexed over four years—was allocated to the Community Recreation and Sports Facilities Program. This program provides funding to local clubs, state sporting organisations, local government and schools to assist in the development of new or existing active recreational sport facilities that meet community needs.

The budget in 2011-12 for CRSFP was \$6.581 million, and CRSFP has one round per year. In addition to the CRSFP the State Facilities Fund (SFF) provides funding to active recreation and sport organisations to assist in the development of new or existing state-level facilities. The SFF has an annual budget of \$500,000 and is a rolling fund. To support the needs of grassroots clubs the Active Club Program (ACP) provides funding to sporting and active recreation clubs to assist in the development of programs and services they provide to the community.

The ACP has an annual budget of \$2.35 million and funds are distributed by electorate with \$50,000 per year allocated by two rounds. Applications can be made for programs and equipment facilities and Youth At Risk programs, and the 2011-12 rounds opened in February and August 2011. To support increased participation and enhanced opportunities for people with a disability, the Inclusive Recreation Inclusive Sport (IRIS) Program was developed. The program provides funding to eligible organisations to assist in the development of new or existing programs that support people with a disability to participate in sustainable programs.

IRIS has a budget of \$500,000, and the 2011-12 round opened in January 2011. Move It!, the Making Communities Active Program, provides funding to sport and active recreation organisations to assist in the development of new or existing programs that aim to get people involved or more involved in physical activity. Move It! has a budget of \$500,000, and the 2011-12 round opened in May 2011.

State sport and recreation organisations are the stewards of their sport in this state, and the government recognises and supports these programs through the State-wide Enhancement Program (StEP). This program provides funding to state sport and active recreation bodies and other eligible organisations to assist in the implementation of sport and active recreation programs being delivered on a statewide or regional basis.

The program has four streams of funding, including state organisations support funding, project funding, targeted initiatives and emergency funding. StEP has a budget of \$6.673 million, and the 2011-12 round opened in October 2011 for the state organisations support and project funding streams. Both targeted initiatives and emergency funding streams are rolling funds.

In 2011 the ORS conducted a review of all funding services administered grants programs. As a result, there will be changes to the structure of the programs in 2012-13 financial year. In 2012-13, \$17.218 million will be available under the following programs: Active Club will get \$2.35 million; community rec and sport (CRSFP) will get \$7.195 million; Sport and Recreation Development and Inclusion Program (SRDIP) will get \$4.073 million; Sport and Recreation Sustainability Program will get \$3.1 million; and the State Facilities Fund will remain at \$0.5 million.

Ms THOMPSON: My question relates to regional areas, and derives from Budget Paper 4, Volume 3, page 157 to 158. Can the minister tell us what the government is doing to support recreation and sport in regional South Australia?

The Hon. T.R. KENYON: Yes is the short answer. The government has made significant commitments to supporting sport and recreation in regional South Australia. The Office for Recreation and Sport continues to support the employment of regional field officers currently based in the South-East, the Murraylands, Fleurieu Peninsula, Kangaroo Island, the Riverland, Mid North, Upper Spencer Gulf and Eyre Peninsula. Coordination of the field officers is undertaken by ORS, which contributes \$350,000 annually through the Statewide Enhancement Program.

Field officers are employed locally in conjunction with local consortiums in each region who contribute to 50 percent of the costs. These partners may vary from region to region but include local government and regional health services. The field officers' role may vary according to local needs, but is primarily to support regional recreation and sports clubs. The program is strongly linked to the STARCLUB Club Development Program.

Field officers also work with numerous community and industry service providers to develop and deliver programs in their area. The ORS has recently completed a review of the field officer program and through an expression of interest process invited existing and potential new consortia to apply to host a field officer for the period 2012 to 2015. Councils and their subsidiaries,

health services and community organisations in country communities were invited to outline a proposal to deliver the SFO program in their regions.

As a result, I am pleased to report that the existing field officer programs were retained for 2012 to 2015 and include Fleurieu Peninsula and Kangaroo Island, Limestone Coast, Upper Mid North, Murraylands and Upper Spencer Gulf, and two new regions being included for the first time: the York and Lower Mid North and the Gawler and Barossa region.

The ORS also aims to increase participation of Aboriginal and Torres Strait Islander individuals and communities through resources allocated for specific territories across South Australia. This includes an Indigenous sport development officer based in Port Augusta providing services and support for the northern region, including the Iron Triangle, Flinders Ranges and the APY lands; an Indigenous sport development officer, based in Port Lincoln, providing services and support for the West Coast region out to the West Australian border including the Maralinga Lands; and senior project officer community participation with Indigenous specialisation providing services and support for the southern region, including Adelaide, Fleurieu Peninsula, Yorke Peninsula, the South-East and the Riverland.

The cost of these resources is shared by the federal government. The ORS also has other community participation staff who service and support regional areas of South Australia to increase participation of other marginal populations, including people with a disability, people from culturally and linguistically diverse communities, people from low socioeconomic areas, young children and women. For this ORS staff work closely with state sport and active recreation organisations, councils, field officers and local clubs to engage the community.

The total direct contribution of ORS funding to regional areas in 2011-12 has to date totalled in excess of \$5.2 million. Funding includes the following approximate totals from each program:

- Active Club, 132 grants in 2011-12, totalling over \$737,347. Country clubs, I must say are very good at getting grants. They excel.
- Community recreation and sport facilities program, 51 grants in 2011-12, worth approximately \$4,231,425;
- Move It! Making Communities Active Program, nine grants in 2011-12, totalling more than \$152,202; and
- Inclusive Recreation Inclusive Sport, eight grants in 2011-12, totalling more than \$88,500.

In addition, through the State-wide Enhancement Program, state recreation and sport organisations are supported to enhance and grow their recreational sporting activity statewide. This of course is in addition to the general assistance given to regional areas by ORS through planning advice, training and development programs and resource production.

Ms BETTISON: My question relates to the Adelaide Oval redevelopment. My reference is Budget Paper 4, Volume 3, pages 157 to 158. With the public focus on the Adelaide Oval redevelopment, can the minister elaborate on the success of government-owned sporting venues in attracting elite competition and events?

The Hon. T.R. KENYON: The ORS operates and manages a range of sport and recreation facilities. These include Hindmarsh Stadium, Adelaide Super-Drome (the bike track), Santos Stadium and the Eagle Mountain Bike Park. All these venues host events and competitions, from grassroots activities such as Little Athletics Nunga Day at Santos Stadium to high-profile Olympic selection events at the SA Aquatic & Leisure Centre. In addition to the many grassroots sports events and competitions held at these venues, there are numerous school sports events, public use for training and use of meeting rooms.

Forty-six national elite events were held across ORS venues in 2011-12. These included Olympic qualifying events, the Olyroos v UAE on 21 September 2011, the Australian Swimming Championships (15 to 22 March 2012) which was a great event, as was the Diving Nomination Trials for the 2012 Olympics team (2 to 4 April 2012) and the 2012 Subaru Cycling Australia Track National Championships (26 to 29 January).

Sporting events are not the only events conducted at these venues. The Science and Engineering Challenge for secondary students was run by Adelaide University at the Super-Drome. The YMCA is contracted to operate or manage the South Australian Aquatic & Leisure Centre and

ORS manages that contract on behalf of me. This venue has successfully conducted high-profile events including the Australian Swimming Championships (15 to 22 March).

The following is a list of usage of the ORS venues during 2011-12: the Hindmarsh Stadium hosted 14 A-league games, with two women's league games also scheduled; the FFSA Coca-Cola Federation Cup on 20 August; the FFSA Junior Cup on 21 August; the SA Rugby League Grand Final on 10 September; the SA Amateur League Semi-Final on 11 September (I assume that would be soccer); FFSA Devine Five on 17 September; the SA Amateur League Soccer Finals; the Olyroos v UAE Olympic Qualifier; the FFSA Women's Cup Final; the FFSA Carlsberg Cup; four Asian Championships League games (Adelaide United versus Persipura, Gamba Osaka, Pohang Steelers and the Bunyodkor); and the Australian Rugby League Affiliated States Championships were in June of this year.

The Super-Drome has had the Science and Engineering Challenge for secondary students, the indoor hockey competition, the Australian Junior National Series, the Subaru Cycling Australia Track National Championships, the Junior State Track Championships and the Masters State Track Championships.

Santos Stadium has had the school carnivals/sports days for various schools, the Adelaide Comets Soccer Premier League games, collegiate soccer matches, gridiron games, Australian Masters Games, Little Athletics Nunga Day, ASA Adelaide Track Classics, SA Masters 10km walk championships, SA Little Athletics individual championships and Adelaide Comets Soccer Premier League games. The Eagle Mountain Bike Park had the National Mountain Bike Championships and the South Australian Police and Emergency Services Games.

The Aquatic & Leisure Centre has had the Australian Short Course Championships, the Australian Elite Junior Diving Championships, the Australian Masters Games, the Australian Open Diving Championships, the National Water Polo League Championships, the Australian Swimming Championships, the Australian Age Dive Championships and the Masters Swimming National Championships.

Mr VAN HOLST PELLEKAAN: Back to page 154, on a point of clarification with regard to the Sport and Recreation Sustainability Program, is that \$3.1 million or \$3.022 million? The reason I ask is that during question time you said that program would receive \$3,022,000 but in a briefing document I have received it was \$3,100,000, so I would just like to clarify that.

The Hon. T.R. KENYON: So, \$3.1 million is the budgeted amount, and we have assessed and approved \$3.22 million worth of projects. What happens, generally, is that programs drop out or do not go ahead for whatever reason; they just cannot manage the project, funding gets pulled out, key people who were organising the project disappear, so we just tend to—

Ms CHAPMAN: Fishing on the Cadell ferry.

The Hon. T.R. KENYON: Well, they may be; I do not know if you would get much there, would you?

The CHAIR: Just skip to the question, please.

The Hon. T.R. KENYON: She is distracting me; fishing on the river—I just went away to a nice little mental place; it was not estimates.

The CHAIR: Minister, can we get back on track.

Mr VAN HOLST PELLEKAAN: Where did the \$78,000 go?

The Hon. T.R. KENYON: We just overallocate the approved projects, because some will drop out, and that just allows us to make sure we expend the full amount of moneys and get maximum benefit across the state. Otherwise, that money does not get spent, and just—

Mr VAN HOLST PELLEKAAN: Does it then get rolled over? Does the surplus then get rolled over into the next year, or do you have to return it?

The Hon. T.R. KENYON: No; it gets returned.

Mr VAN HOLST PELLEKAAN: Okay. Is that program indexed, as was recommended by the branch review study?

The Hon. T.R. KENYON: No.

Mr VAN HOLST PELLEKAAN: And was that a Treasury decision, that it—

The Hon. T.R. KENYON: It was part of the budget process.

Mr VAN HOLST PELLEKAAN: —could not be or would not be?

The Hon. T.R. KENYON: Yes.

Mr VAN HOLST PELLEKAAN: Okay, thanks. I refer again to page 157. Minister, please advise if there was a cost-benefit analysis done on the potential for South Australia to host the Asian Cup finals, or any of the Asian Cup finals matches.

The Hon. T.R. KENYON: The state attempted to become part of that process to get AFC games.

Mr VAN HOLST PELLEKAAN: So you did put in a bid?

The Hon. T.R. KENYON: We put our hand up to be part of the formal bid—the formal Australian bid. The Football Federation of Australia (FFA) were not prepared to include South Australia because our capacity at Hindmarsh was too small. So, we were not part of the formal bid going to the Asian Federation. We tried to be part of the bid but were not allowed to be, basically, is the short answer.

Mr VAN HOLST PELLEKAAN: Okay, so they actually knocked you out of that, but you would have if you could have?

The Hon. T.R. KENYON: Yes, if we could have, we would have.

Mr VAN HOLST PELLEKAAN: Did you do a cost-benefit analysis on what it would have brought to South Australia?

The Hon. T.R. KENYON: No, because we were ruled out too early, as part of that process; we did not even get that far. Right at the very early stages, the FFA said, 'We're not allocating any games to South Australia because your stadium is too small.'

Mr VAN HOLST PELLEKAAN: Alright, thanks. The—

The Hon. T.R. KENYON: The other thing is—and I am sorry to interrupt you—I met recently met with Michael Brown, who is the CEO of the FFA Asian Cup—it is not the same Michael Brown who is the former secretary of the Australia Labor Party, I might just point out, for interest sake.

Mr VAN HOLST PELLEKAAN: I have never met him.

The Hon. T.R. KENYON: We agreed that we would have further talks about hosting teams for lead-up matches at Hindmarsh in the weeks prior to the tournament, so we will still try to participate in the tournament in some way.

Mr VAN HOLST PELLEKAAN: There must be opportunities there.

The Hon. T.R. KENYON: Yes, that is right, so we will pursue them with the FFA; we will see what comes out of it in time.

Mr VAN HOLST PELLEKAAN: Have you discussed those opportunities with Tourism, for example—with the SATC—even for lead-up matches?

The Hon. T.R. KENYON: Yes, they are part of our discussions with the FFA, so Paul meets—

Mr VAN HOLST PELLEKAAN: You have; okay.

The Hon. T.R. KENYON: Mr Anderson meets with them regularly as part of that process.

Mr VAN HOLST PELLEKAAN: Just met with them, or was there anything a bit more formal? Were they just chats?

The Hon. T.R. KENYON: It is very early stages. We only met about three weeks ago. Mr Anderson met with Hitaf Rasheed from Events SA last week, so it is progressing.

Mr VAN HOLST PELLEKAAN: I refer to page 157, Grants and Subsidies, again. In your overall budget and grants program, how do you plan to address the fact that South Australia has the second-worst level of participation by low socioeconomic disadvantaged people of all states in Australia? What programs, steps or plans do you have in place to address that?

The Hon. T.R. KENYON: The statistic that you mentioned varies with age. It is up and down a bit depending on the age bracket that you pick. The Office for Recreation and Sport aims to

engage under-represented groups and individuals in sustainable sport and active recreation activities. You would know the groups: people with disability, people of culturally and linguistically diverse backgrounds (CALD), Aboriginal and Torres Strait Islanders, people from low socioeconomic areas, children under the age of five and women. A lot of individuals from these groups are likely to cross boundaries and be tied up in a number of groups: people with disability living in a low socioeconomic area and that sort of thing.

The Office for Recreation and Sport currently has six full-time equivalents—so, six people—who are dedicated to increasing participation levels for marginalised and targeted performances. We have the grants programs directly attributable to that.

Mr VAN HOLST PELLEKAAN: That is a good aim and I support your aim. What are those six people doing, given that we are the second-worst performing state in the nation in that area and that people in that category are far less likely to be proactive about making applications? They would probably have to be sought out more than anybody else to get some help.

The Hon. T.R. KENYON: That is why we have engaged field officers for those areas. We rely largely on clubs to get into the community and do this. We have our field officers. They are out there trying to engage people, but they largely work with clubs through our STARCLUB program, which is designed to improve the capacity of local clubs and volunteers. We use them to reach out into their local communities. They are connected with their community and they know their people. That is our strategy for improving participation in those groups.

There are three dedicated community participation staff who service and support regional areas, and they are aimed at exactly the people that we are talking about: Aboriginals, culturally and linguistically diverse backgrounds, and all those things. So, there are people who do that. There are people who are dedicated just to the Aboriginal and Torres Strait Islander side of things—and I talked about it before—based in Port Augusta, Port Lincoln and the city. So we have people dedicated specifically to improving the participation of those groups. We are relying heavily on local clubs. That is why the STARCLUB program aims to increase the capacity of a club: so that they can interact with their local community and get those groups.

Mr VAN HOLST PELLEKAAN: Essentially it is the club's job to do it, because those field officers have been in place for quite a while—and I understand that there is a new program, and we have talked about the changes.

The Hon. T.R. KENYON: We help the clubs do it through funding and through STARCLUB programs. We are not seeking for them to become social change agents. We are not asking them to be welfare officers, but we assist them, where they choose, to interact with their community and get some of those targeted groups. Other government departments are involved in that as well. It is not just us; Health is trying to get people more active and all of those things.

The CHAIR: Do any members on my right wish to ask any questions?

Dr CLOSE: My question is about the funding of programs, relating to Budget Paper 4, Volume 3, pages 157 and 158. How did the government contribute financially to the development of the sport and active recreation industry in South Australia in 2011-12?

The Hon. T.R. KENYON: In 2011-12, \$17 million of funding was made available through ORS grant programs; CRSFP, \$6.581 million; State Facilities, \$500,000; the Active Club Program, \$2.35 million—and that is through your electorate, so \$50,000 over two rounds, the most recent round, the first round for 2012-13 has just concluded and it has been announced; we have your letters about that—Inclusive Recreation, Inclusive Sport (IRIS), \$500,000; Move It!, \$500,000 and StEP had four streams totalling \$6.673 million.

Ms BETTISON: I refer to Budget Paper 4, Volume 3, pages 157 and 158. What is the government doing to support small sporting, recreational and community-based organisations?

Mr VAN HOLST PELLEKAAN: The minister has already answered that.

The Hon. T.R. KENYON: I will tell you about STARCLUB. That is probably something good we could do.

Mr VAN HOLST PELLEKAAN: Again?

The Hon. T.R. KENYON: I do not think I have not told you adequately about STARCLUB. The South Australian Sports Commission withdrew support in 2009 for the national Club Development Network (CDN). Up until that time, the ORS had based its club development strategy

around having the Club Development Network available to support state sport and active recreation clubs to build capacity.

There is an obvious need for the ORS to replace the CDN with a new resource. The ORS evaluated the relevance of existing national and state club development programs, concluding that they were complicated and often difficult for most club volunteers to use and required intensive financial and human resource support that the ORS did not have. So, the STARCLUB program was developed by the ORS to provide an alternative and more sustainable approach towards club development in South Australia.

The goals of STARCLUB are to create a shared vision of what constitutes a successful or 'good' practice club in South Australia; provide a means whereby clubs will self-assess against this standard; and devise a method for providing feedback and advice on how clubs can move forward to continuously improve. The STARCLUB process involves recreation and sport clubs meeting a minimum of 15 out of 25 key criteria under the following five headings: good management; quality coaching and officiating; valuing volunteers; providing positive and welcoming clubs; and providing safe environments.

Since June 2010 when the program became active, more than 800 clubs and individuals have registered with the STARCLUB program; 356 have registered since 1 January 2012. The majority have gone on to undertake the online self-assessment, and more than 100 clubs have achieved STARCLUB status to date. STARCLUB status is awarded when a club indicates it has achieved 15 or more of the 25 questions. All registrants receive recognition certificates and ongoing support from the ORS. Data from the online self-assessment process is regularly compiled and made available to state sporting organisations and local councils for ongoing planning and monitoring of their club development strategies.

Currently, eight state sporting organisations and four local government organisations are supported to implement their own internal STARCLUB programs in order to strategically service the state's sport and active recreation clubs. Regional clubs are supported through the STARCLUB Field Officer Program. There are currently seven STARCLUB field officers working across 35 local councils in regional South Australia. A number of well resourced sporting organisations have introduced their own national club development programs. The ORS continues to liaise closely with these respective state bodies and provide support where required.

A STARCLUB email support network, STARCLUB training workshops, STARCLUB consultation process and a STARCLUB membership recognition program have been added in the past year to support the sport and active recreation industry. The STARCLUB consultation process was introduced to ensure that the quality of STARCLUB as a program is maintained. To date, 20 STARCLUBs have undertaken the consultation which is a 'soft' audit designed to provide additional support rather than find fault. The aim is to randomly 'soft' audit 10 per cent of the clubs achieving STARCLUB status each year.

The STARCLUB membership recognition process allows clubs to communicate what they are doing more effectively with their members. Many clubs have taken advantage of this to receive a STARCLUB wall planner which allows them to track their progress towards becoming a STARCLUB and keep club members informed. The wall chart also encourages other club members to volunteer to assist.

The 2011 Grants Review conducted by the ORS recommended that the Active Club Program align with STARCLUB principles. As a result, the ORS has incorporated these into the assessment process for the Active Club funding program. The link to Active Club funding is not making STARCLUB mandatory but is using a common language to make the funding process transparent and less confusing for club volunteers.

On top of the individual club level, the government is supporting small sporting and recreational community based organisations through subsidised accommodation for their operations. We provide \$300,000 over three years as a grant to Life Leisure Events on behalf of the sports association house tenants from the Sport and Recreation Development and Inclusion Program. This funding commences 1 July 2012 and the funding secures the continued accommodation subsidy for State Association House. State Association House has a current lease agreement in place until 30 June 2014 with a renewal clause to 30 June 2015.

Ms THOMPSON: My question relates to elite athletes. It comes from Budget Paper 4, Volume 3, pages 157 and 158. Can the minister advise of the performance of SASI and its athletes this year?

The Hon. T.R. KENYON: Yes. SASI has done quite well this year, I think. I acknowledge the great performance of our SASI athletes this year, and we are just a few weeks away from the pinnacle of sporting events, the London 2012 Olympic and Paralympic Games. It is important to recognise that some of the outstanding achievements in 2011-12 by SASI athletes have given them a fantastic foundation leading into their games.

In 2011-12 SASI athletes won a total of 10 gold medals at senior world championships. At the recent BMX World Championships held in England, Sam Willoughby won gold. Who would have thought that BMX would have got to the point of having gold medals, but it has. At the 2012 World Track Cycling Championships, 44 per cent of the senior Australian national team were SASI scholarship holders, winning a total of four gold, seven silver and one bronze medal. Anna Meares broke two world records, finishing with two golds, one silver and one bronze. Matthew Glaetzer, a 19 year old, won gold in the men's team sprint. Glenn O'Shea won gold in the omnium. The world championship debutante Annette Edmondson won silver in both the omnium and the women's team pursuit. Jack Bobridge won two silver medals in the team pursuit and individual pursuit.

In the World Rowing Championships in Slovenia, SASI athletes James McRae and Chris Morgan won gold. In the Para-cycling Track World Championships, Felicity Johnson and pilot, Stephanie Morton, won gold in the tandem sprint and tandem one kilometre time trial, while Scott McPhee piloted the tandem four kilometre pursuit champion.

At the Netball World Championships in Singapore, in July last year, Natalie von Bertouch and Natalie Medhurst won gold defeating New Zealand in the final, which was very satisfying. It is always satisfying beating New Zealand. Eight additional senior world championship medals, silver and bronze, were won by six other SASI athletes. There were numerous other world class performances at senior international and world cup events. Four athletes won three gold and one silver at the junior and under-23 world championship events. Hopefully we will see some of these efforts repeated in London in a few weeks' time.

South Australia is very well represented across a range of sports with, in total, 37 South Australian-based and SASI athletes having been selected. Included in this are a number of unique combinations including young, talented and exciting track cyclists, brother and sister, Alex and Annette Edmondson (or Nettie, I think) from Stirling. Also unique is the first ever Australian Olympic team father and daughter combination of David and Hayley Chapman in pistol shooting disciplines. South Australia's pre-eminence in cycling is evident with dominant representation in the track cycling team, providing seven of the 14 team members.

Far from resting on our laurels, however, we are looking forward to an exciting future for our South Australian athletes. In the 2012-13 state budget, \$250,000 was allocated for the development of a business case study into the creation of a new purpose-built SASI at Santos Stadium to replace the ageing facility at Kidman Park.

While I am talking about new facilities for our SASI athletes, the completion and opening of the South Australian Aquatic & Leisure Centre last year heralded an exciting new chapter for aquatic sports in this state, and SASI was closely engaged in components of the facility design and spent the last 12 months consolidating the development of its elite athlete training and services hub at the centre. Special attention was incorporated into the design to provide the best possible facilities to enhance the daily training environment of the elite pathway athletes training at the centre. These additional facilities have all been developed in consultation with the state and national sports bodies.

Mr VAN HOLST PELLEKAAN: Minister, while on SASI, can you explain for the committee why the 2011-12 projection of number of scholarships provided fell so far short from the estimated result? The projection was 393 for 2011-12 but the estimated result of actual scholarships (which I am sure will be a good estimate) is 324, so, 69 less scholarships given out this year than planned to be given.

The Hon. T.R. KENYON: The answer is pretty much provided immediately below that. Sorry, that is my briefing, you would not have that. I thought it looked like a budget paper. A reduced number of athlete scholarships being issued is due to a more targeted approach towards Olympic, Paralympic and Commonwealth Games sports disciplines and prospective world class athletes consistent with the National High Performance strategy. We have also reduced the number of programs from 17 down to 10 at SASI—a lot more targeted, and fewer number of programs to put them into.

Mr VAN HOLST PELLEKAAN: Is it the same funding overall? Is every scholarship worth more or costing more? Is there any money saved there by the fact that 69 scholarships were not given out?

The Hon. T.R. KENYON: Yes, it is the same funding.

Mr VAN HOLST PELLEKAAN: More dollars per scholarship.

The Hon. T.R. KENYON: Yes, exactly.

Mr VAN HOLST PELLEKAAN: Thanks. I refer to Budget Paper 6, page 83: was there ever a full and complete cost-benefit analysis undertaken by the government of South Australia regarding the South Australian Aquatic & Leisure Centre?

The Hon. T.R. KENYON: Do you mean the one at North Adelaide or Marion?

Mr VAN HOLST PELLEKAAN: Marion.

The Hon. T.R. KENYON: And was a full cost-benefit analysis done?

Mr VAN HOLST PELLEKAAN: Yes.

The Hon. T.R. KENYON: It was done through a budget bid. Part of that budget bid had a cost-benefit analysis within it—an analysis of the benefits and the costs. There is no formal document—no formal cost-benefit study—but the pros and cons obviously are weighed up as part of the budget process.

Mr VAN HOLST PELLEKAAN: In terms of a brand-new \$100 million facility—

The Hon. T.R. KENYON: There was a business case done for it and with an external consultant. We had the external consultant go through that as well. There is no formal document that is a cost-benefit analysis. We did not sort of wander in and just do it without thinking what the costs or the benefits might be.

Mr VAN HOLST PELLEKAAN: There was a cost-benefit analysis done as part of the broader bid—like a bit of a SWOT analysis, I suppose, that sort of thing. Can you tell us exactly what was done to make a really thorough economic analysis of the costs and benefits of spending that money on that project?

The Hon. T.R. KENYON: I do not think that anyone at the time would have doubted that we needed a new pool. The one at North Adelaide had been around for a very long time. It was just not compliant on so many levels. With respect to FINA, you could not get national championships; you could get very little in the way of championships. We needed a new pool. As part of the process for getting capital projects up, within government there is a study of costs, benefits and various options and various ways of doing it. That was all complied with. That all went through the process, but if you are looking for a formal document that is labelled 'cost-benefit analysis' there is not one.

Mr VAN HOLST PELLEKAAN: Or a formal document that is labelled something similar?

The Hon. T.R. KENYON: There is one called 'cabinet submission', and that has it in there.

Mr VAN HOLST PELLEKAAN: That is a full, thorough, detailed analysis of all the pros and cons to the South Australian taxpayer? I do not doubt that we needed a new pool, too, but that is probably not enough.

The Hon. T.R. KENYON: There is a business case that was made up as part of that as well. The consultants helped us develop the best operational model to use.

Mr VAN HOLST PELLEKAAN: Is that publicly available?

The Hon. T.R. KENYON: No, because it is all part of the cabinet submission.

Mr VAN HOLST PELLEKAAN: The YMCA operates the aquatic centre down there?

The Hon. T.R. KENYON: Correct.

Mr VAN HOLST PELLEKAAN: What payment or payments were made to the YMCA in relation to the South Australian Aquatic & Leisure Centre for the 2011-12 year, and what is the budget for its operating in 2012-13?

The Hon. T.R. KENYON: The budgeted payment to the YMCA—so, basically, the loss that it will make—is \$2.278 million for 2011-12, and for next year the budgeted contract amount is \$1.427 million.

Mr VAN HOLST PELLEKAAN: What does this facility cost? I know that it is only new, but, with respect to operation, what was the net cost to the government and to the taxpayer for the last 12 months?

The Hon. T.R. KENYON: In terms of the caveat, we are still in the last few days of the financial year and we are waiting for its financial figures. It will be \$2.278 million.

Mr VAN HOLST PELLEKAAN: \$2.278 million?

The Hon. T.R. KENYON: That is the budgeted amount. As I say, we are still waiting on the final numbers to make sure one way or another that that is correct, or not.

Mr VAN HOLST PELLEKAAN: Optimistic, it will be around about the mark?

The Hon. T.R. KENYON: Our suspicion is that it will be slightly over that, and we are just making some internal allowances for that, but it is reasonably close to that.

Ms CHAPMAN: Minister, I have some questions also on the aquatic centre at Marion. During 2011-12 were unexpected costs passed on to the operators of the aquatic centre relating to unpaid bills by Candetti Construction that were met by the Office for Recreation and Sport? If so, what were they for and how much did you pay?

The Hon. T.R. KENYON: Unanticipated construction costs?

Ms CHAPMAN: Unexpected costs that Candetti's left you with to pay.

The Hon. T.R. KENYON: I will find an exact amount for you. There is a budget provision to slightly over \$2.5 million for works that were left. We were given—

Ms CHAPMAN: Sorry; I do not want to be at cross-purposes here. I will come in a moment to basically dealing with the defects commission you were left with to deal with. This is in relation to bills that they did not pay that your department picked up. One in particular, we understand, under FOI, is a rather large electricity bill.

The Hon. T.R. KENYON: From the builder?

Ms CHAPMAN: Yes, from Candetti's. They just did not pay the bill.

The Hon. T.R. KENYON: My advice is, firstly, we pay the YMCA just to operate the pool. They are paid to operate the centre, so any bills that come from the builder would be passed to the state government. My advice is that no-one is aware of any such bill, or any costs being passed on to the government. We have no knowledge of that.

Ms CHAPMAN: I will just come to the \$3 million or thereabouts that was spent to get ready for the Australian championships in March this year that your department has responsibility for. What is the status of the legal action involving the government and Candetti's?

The Hon. T.R. KENYON: My advice is that Candetti is currently under administration. The administrator has lodged a claim against the government for unpaid monies. We do not believe we owe those monies and we are going through the administration process and the court process. We in fact believe, it would be fair to say, that Candetti's probably need to come back and do some more work for us and finish some things off.

Ms CHAPMAN: You mean you are going to get them back?

The Hon. T.R. KENYON: Well—

Ms CHAPMAN: One of the risks identified prior to Baulderstone completing these urgent works was the potential for them to identify further defects. Were any further defects in the aquatic centre identified while completing the urgent works?

The Hon. T.R. KENYON: My advice is that any defect that was identified has been rectified.

Ms CHAPMAN: Minister Conlon has declared a conflict of interest in relation to Mr Alex Candetti. When were you first informed of minister Conlon's conflict of interest?

The Hon. T.R. KENYON: I would be loath to give you a date off the top of my head.

Ms CHAPMAN: Are you happy to take that on notice?

The Hon. T.R. KENYON: I will take that on notice.

Mr VAN HOLST PELLEKAAN: You have told us that the state aquatic centre will cost approximately \$2.3 million per year in operating net cost—

The Hon. T.R. KENYON: No, just for 2011-12, but the next year will be significantly lower than that.

Mr VAN HOLST PELLEKAAN: Could you provide the same figure—so estimated final result for 2011-12 and the budget for 2012-13—for each of the other major, taxpayer-owned sporting facilities, so the actual cost to the taxpayer of running them?

The Hon. T.R. KENYON: Not the aquatic centre; you are talking about the other facilities?

Mr VAN HOLST PELLEKAAN: No; the others, so athletics, netball, soccer, cycling and hockey.

The Hon. T.R. KENYON: They are in flux because it is the end of the financial year and we are trying to finalise all these things. We had a rugby game at Hindmarsh last week and that will affect the results. Perhaps if I take that on notice and get back to you with the information, that would be the best way of doing it.

Mr VAN HOLST PELLEKAAN: That would be good; I understand that. Obviously, they are important numbers to have on the record. Would you take that estimated result for 2011-12, and perhaps by the time you get back to me there might be a final result, and then a budget for 2012-13 for all those taxpayer-owned facilities. In the remaining minutes, quickly going back to the Aquatic & Leisure Centre, what is the expected end-of-year attendance at the South Australian Aquatic & Leisure Centre for 2011-12 and how does that compare with the projected targets?

The Hon. T.R. KENYON: I think it is probably best to take that on notice again, member for Stuart; since it is so close to the end of the year it would be best to do that.

Mr VAN HOLST PELLEKAAN: That would be great, thanks. Could you do the same for the North Adelaide swimming centre as well?

The Hon. T.R. KENYON: That is run by the council.

Mr VAN HOLST PELLEKAAN: So you do not have those; you have no idea what impact that has had on their attendance? They have not spoken to you?

The Hon. T.R. KENYON: No, I do not have those numbers; we contribute to that. They were closed late last year for three months, I think it was, and we helped fund the upgrade to their roof, but all those attendance figures and everything you would need to go to the council for.

Mr VAN HOLST PELLEKAAN: They do not provide anything like that to you in return for the state funding contribution that you make?

The Hon. T.R. KENYON: We do not assess them on their attendance record. If we fund them for a specific program or activity, we assess them against whether they have met the criteria for that program or that activity, not against their overall numbers.

Mr VAN HOLST PELLEKAAN: That does not include attendance. Participation or use is not part of—

The Hon. T.R. KENYON: Of the pool in general, no.

Mr VAN HOLST PELLEKAAN: —your agreement with them.

The Hon. T.R. KENYON: No. We would assess it against attendance at the program rather than total attendance at the pool, for instance.

Mr VAN HOLST PELLEKAAN: On page 158, SASI funding, please advise how much funding is allocated to SASI programs across the board?

The Hon. T.R. KENYON: My advice is the total SASI budget is \$3.2 million.

Mr VAN HOLST PELLEKAAN: Okay, and with the reduction in the number of sports, so that you can concentrate and try and achieve more, that has flowed through? The budget has not been decreased at all? Has the budget per remaining sport been increased commensurate with the cut in the number of sports?

The Hon. T.R. KENYON: My advice is that for the year 2011-12, we were required to make \$400,000 in savings in SASI; \$100,000 of that came out of programs and, at the same time, we reduced the number of programs, so the funding per program either stayed the same or went up. So, the per-program funding stayed the same or went up, and that was funded by cutting a number of programs, and then the operational budget was reduced by \$300,000. So, that was the split: \$100,000 for programs, and \$300,000 for the operational side.

Mr VAN HOLST PELLEKAAN: So you must have had about \$3.2 million last time around, just for programs, as well?

The Hon. T.R. KENYON: In 2010-11 it was \$3.6 million, and then in 2011-12 it was \$3.2 million.

Mr VAN HOLST PELLEKAAN: But out of your \$3.6 million, you have just said that \$300,000 was for administration that was cut. So, out of your \$3.6 million, how much was for programs?

The Hon. T.R. KENYON: \$100,000.

Mr VAN HOLST PELLEKAAN: Okay.

The Hon. T.R. KENYON: So the total program budget was reduced by \$100,000 but the number of sports was reduced by seven, so the per-sport funding was either the same or increased.

Ms CHAPMAN: Minister, I just want to go back to the aquatic centre at Marion, because this is a state government owned facility, and its operator (the YMCA) is a not-for-profit organisation. If you do not have it now, that is fine, but will you provide the details of how much revenue has actually been received by the YMCA for that operating year (2011-12), of which you had made a contribution of \$2.3 million? How does this compare to the government's projection when the operation tender was released?

The Hon. T.R. KENYON: I will just check about commercial-in-confidence, what we can and cannot release, and be taken on notice and get back to you with those numbers, but they are reasonably public—

Ms CHAPMAN: Check with whom?

The Hon. T.R. KENYON: I will check to make sure that we are not breaching anything that is commercial-in-confidence, but we will make available to you what figures we can.

Ms CHAPMAN: I think you will understand, minister, taxpayers have paid for this, and—

The Hon. T.R. KENYON: Yes, but there are certain—

Ms CHAPMAN: —it is a not-for-profit manager; we are not talking about a commercial hot-shot, here.

The Hon. T.R. KENYON: My intention is to—

The CHAIR: Member for Bragg.

Ms CHAPMAN: I appreciate that.

The Hon. T.R. KENYON: My intention is to release to you all the information that I can about that, but I will just put that caveat on it that I will obviously not give you commercial-in-confidence information, if any of it is.

Ms CHAPMAN: If there is, yes; thank you.

Mr VAN HOLST PELLEKAAN: Minister, can you please just advise how the new targeted approach to SASI has transferred directly into selections for the Olympic and Paralympic teams, and how the new focus and extra money for field sports has borne fruit?

The Hon. T.R. KENYON: Well, we have, as I said before, 37 athletes now in the team. I will just double check for you whether that is better or worse. The short answer is that it is probably too early to say, because it was only in the last year, which was well into the Olympic cycle and Commonwealth Games cycle.

Mr VAN HOLST PELLEKAAN: What targets did you set yourself then?

The Hon. T.R. KENYON: We did not set targets in terms of members of Olympic teams or Commonwealth Games teams.

Mr VAN HOLST PELLEKAAN: How will you know if it has worked?

The Hon. T.R. KENYON: I imagine we will have people still in the teams. The fact of the matter is that there is a lot of rationalisation going on around the country. So, instead of every state sports institute having as many programs as possible, there is a move around the country, within limits, to share the sports around the country.

Mr VAN HOLST PELLEKAAN: But that has to be to achieve a result.

The Hon. T.R. KENYON: That is right, and that is obviously to improve Olympic competition.

Mr VAN HOLST PELLEKAAN: What is your target for improvement?

The Hon. T.R. KENYON: We do not have targets. We do not have numbers set up on how many people we expect to get into the Olympic team or anything like that. We have seen the cycling program get half of the national team, so seven out of 14. Where we have national programs, if we could have seven of that sport's team come out of SASI then that would be a pretty good result, I would have thought.

Mr VAN HOLST PELLEKAAN: Yes, and that is fantastic.

The CHAIR: There being no further questions, I declare consideration of the proposed payments completed, which is the sport and recreation component of your ministry, minister.

[Sitting suspended from 10:32 to 10:47]

**DEPARTMENT OF FURTHER EDUCATION, EMPLOYMENT, SCIENCE AND TECHNOLOGY,
\$519,768,000**

Membership:

Mr Pisoni substituted for Mr van Holst Pellekaan.

Mr Pengilly substituted for Ms Chapman.

Mr Treloar substituted for Ms Sanderson.

Witness:

Hon. T.R. Kenyon, Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for Recreation and Sport.

Departmental Advisers:

Mr R. Garrand, Chief Executive, Department of Further Education, Employment, Science and Technology.

Ms E. Bensted, Chief Executive, Office of TAFE SA, Department of Further Education, Employment, Science and Technology.

Mr C. Fowler, Deputy Chief Executive, Department of Further Education, Employment, Science and Technology.

Mr R. Murt, Executive Director, Corporate Services, Department of Further Education, Employment, Science and Technology.

Mr P. Mylius-Clark, Director, Strategic Policy, Resources and Finance, Department of Further Education, Employment, Science and Technology.

Mr J. Kolovos, Director, Strategic Finance and Budget, Department of Further Education, Employment, Science and Technology.

The CHAIR: Do you wish to make any introductory remarks?

The Hon. T.R. KENYON: No, sir.

Mr TRELOAR: I will read in the omnibus questions.

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?

Mr PISONI: I refer to Budget Paper 4, Volume 2, page 167—Workforce Summary. In 2002 when the Department of Education, Training and Employment were a combined department, there were a total of 47 executives. In 2010 DFEEST as a separate department from the department of education had 44 executives. Are you able to explain the need for such a growth in the executive numbers over that period?

The Hon. T.R. KENYON: Sorry, can you give me the 2002 number?

Mr PISONI: In 2002, the combined department of education and further education had 47 executives. As of 2010, the total number of executives in DFEEST alone was 44. I am asking for reasons for the growth in those executive positions and perhaps some idea of what those new positions are.

The Hon. T.R. KENYON: How are you defining 'executive'?

Mr PISONI: As per your annual reports.

The Hon. T.R. KENYON: I think what we have used in that is a salary level over \$100,000 essentially. Basing it on salary level, some of that is complicated by the number of people who have taken a TVSP and that has bulked up their payment for one year. So, the definition is 44 there, less—

Mr PISONI: My understanding is that they are people described as executive level in your annual report.

The Hon. T.R. KENYON: The actual number of actual executives is 33; the people who constitute that number of 44 are those who earn more than \$127,500. They are not all executives; those 44 people include anyone who earns over \$127,500 and it includes people who get TVSP packages. In 2009-10 it was six. It also includes leave payments so, if they were close to that level anyway, and take leave or retire with leave or something like that, they will bump that up. So, 44 people in that budget paper, the number you referred to, six of whom were less leave payouts or termination payouts or TVSPs, leaves 38, and then five of those would be people with non-executive positions with salaries over and above \$127,500.

Mr PISONI: Can I have a breakdown, and obviously you will need to bring that back, of their job descriptions?

The Hon. T.R. KENYON: Of course, no problem.

Mr PISONI: In relation to the same line, minister, I refer you to the announcement made by the health minister that, by removing flexitime for management, there was a saving in the Department of Health of \$10 million to 13 million per year. Can you advise, according to your latest annual report, what the cost is to your department of the 806 employees that are classified as working flexitime?

The Hon. T.R. KENYON: It is perhaps best if I take that on notice, and get you an exact figure.

Mr PISONI: Have there been any costs identified by your department for flexitime?

The Hon. T.R. KENYON: As a savings measure?

Mr PISONI: Any additional costs for flexitime.

The Hon. T.R. KENYON: In theory, it should be neutral. In theory you get your work done in a certain amount of time. You have a certain amount of work and you get it done in a certain amount of time, and you may choose to work from eight until six instead of nine until five on a couple of days and take a few hours off at the end of the week. Theoretically, there should be no extra cost as a result of that. The cost would come if people have taken flexitime and then we have had to backfill a position to make up for work.

Mr PISONI: You have not done any analysis?

The Hon. T.R. KENYON: I have not got any advice that we have, no. We have not done any on that. Health has demands coming into it. We have more administrative tasks, and this is particularly true for the administrative staff within the department. There is a certain amount of work to be done and it is more amenable to flexitime. If you have got, for instance, doctors taking flexitime it does not stop the patients coming in, and you would have to be backfilling then.

Mr PISONI: You will bring that back to the committee?

The Hon. T.R. KENYON: Yes.

Mr PISONI: You also have compressed weeks. You have staff working a combination of flexitime and compressed weeks, and you have staff working a combination of compressed time working from home. Can you advise the committee what 'compressed time' is, whether there is any documentation which confirms the process for compressed time and which describes what compressed time is?

The Hon. T.R. KENYON: I might get Mr Garrard to go through that with you if that is all right.

Mr GARRAND: Where it suits the work group staff do have the options of actually having flexible work arrangements. Part of those flexible work arrangements does include the option to some staff, where it is appropriate, to have compressed work weeks, which might mean, instead of working five days, doing your weekly hours and doing it in four days, for instance, or 4½ days, and that might be an ongoing arrangement. That allows the staff, especially those with family responsibilities and family duties, to continue to work within the department.

The department does have a focus on trying to provide flexible work arrangements, particularly where we are engaging a lot of staff; and we do have a focus on trying to rejuvenate staff, get younger staff in, but also females and others who do have family responsibilities. It is part of an ongoing strategy to have flexible work arrangements. Compressed weeks are part of an arrangement and one of the options that we do allow in terms of providing that flexibility, especially where there is the need for that work-life balance and to pick up family responsibilities.

Mr PISONI: Minister, who is responsible for approving either flexitime, compressed weeks or any other variation to the working week, and who monitors it?

The Hon. T.R. KENYON: It would be the line managers—either the immediate supervisor or, perhaps, a level above that, but it comes down to the work unit.

Mr PISONI: Is every request for compressed weeks or flexitime granted?

The Hon. T.R. KENYON: No.

Mr PISONI: In what circumstances, then, is it not granted?

The Hon. T.R. KENYON: My advice is that it comes down to the work. It has to fit in with the work priorities of the work unit. If it can be done and the work gets delivered on time when it needs to be, then that is fine. If it does not fit in with the requirements of the unit, then, no, it cannot be done.

Mr PISONI: On the list of remuneration of employees in the annual report, in particular we have a significant jump in one year within the \$130,700 to \$140,699 category. It does not include any additional payments for voluntary separation packages. Can you explain the jump from five in that category to 15 the next year?

The Hon. T.R. KENYON: My advice is that under the enterprise bargaining agreement we would have seen the education managers within TAFE pop up into that band. That should explain the majority of that, but I will confirm that and come back to you.

Mr PISONI: Could I have a breakdown of the titles for the 44 and the 52 staff for 2010-11? I know that some of those figures are made up from redundancy packages. Can I have a breakdown of the payments and the job descriptions, whether they were redundancies or ongoing employment?

The Hon. T.R. KENYON: Sure. I will not attach names to them, but we will give you their positions, no problem.

Mr PISONI: I just need the details.

The Hon. T.R. KENYON: Yes.

Mr PISONI: I want to explore what work you have done for the potential executive level for the new DFEEST, that is, the DFEEST that no longer has TAFE as part of it. Are you able to advise what the chief executive's salary will be with a much smaller department and how many executives there will be in that smaller department?

The Hon. T.R. KENYON: The DFEEST CEO's salary will stay the same. As part of the splitting TAFE from DFEEST, Ms Bensted, who was the deputy CEO in DFEEST, is now CEO of TAFE and has moved across into TAFE and separated out, and we have not replaced that deputy CEO position. So, instead of two deputies there is now one, who is Mr Fowler here. Across government there are executive reduction targets, and we are on target with ours. We will continue with that program, and they will be split between TAFE and DFEEST. Across DFEEST and TAFE by 30 June 2013 there will be a reduction of between four and five executives.

Mr PISONI: What is Mr Garrard's salary now?

The Hon. T.R. KENYON: If you have that list, it will probably be the one that is the biggest. It's not? He tells me it's not very quickly.

Mr PISONI: There is a bracket here of \$360,700 to \$370,699, and there are two earning that, one of which I imagine is because of the result of some TVSPs.

The Hon. T.R. KENYON: Of course, I forgot the TVSPs; I beg your pardon. My advice is that he is in the \$320,000 to \$330,000 bracket there, which is the sixth one up from the bottom, I think.

Mr PISONI: That includes all entitlements?

The Hon. T.R. KENYON: Yes, it does.

Mr PISONI: Elaine Bensted's salary was about \$276,000, I think, as deputy.

The Hon. T.R. KENYON: Correct.

Mr PISONI: Has that changed now that she is moving to TAFE?

The Hon. T.R. KENYON: No, it is the same; just moved across but the same.

Mr PISONI: I just want to explore some of the implications or some of the issues with the TAFE bill. Is it still your intention for TAFE to be a separate authority by 1 July?

The Hon. T.R. KENYON: I would love to be able to do that but seeing as it is tied up, still, in parliament this week, and given the complications of the two chambers now, I do not think we will make 1 July. That would have been ideal but I do not think we will make it; as soon as possible after the bill is passed and as soon as possible while fitting in with the operational requirements of both TAFE and the department, but my preference is for earlier rather than later.

Mr PISONI: I want to get some clarification as to the representations that the AEU made with you in the lead-up to the TAFE bill. They certainly did not take up any invitation that we gave them to meet and discuss the TAFE bill, so can you elaborate on what consultation you had with the Australian Education Union in regard to the TAFE bill?

The Hon. T.R. KENYON: I, personally, met with the union on a number of occasions specifically about the TAFE bill; probably a couple of times. I need to check that if you need an absolute number, but the department met with them, as well, on a number of occasions. They made a submission as part of the public consultation on the TAFE bill, and the department met with the union after they had made their submission, to discuss their submission, and I think I did. I did meet with them just before they put their submission in, but not after, but the department met with them after they put their submission in. We took up some of their suggestions but not others. The Teachers Appeal Board, as you know, is probably the major one.

Mr PISONI: Are you able to advise the committee as to what changes you made to your recommendation from the department after you met with the union? I am aware of the changes to the Teachers Appeal Board. Were there other changes that you made as a consequence of your meeting with the Australian Education Union?

The Hon. T.R. KENYON: There were some other minor editing changes; the description of board experience springs to mind. I think they were looking for a more detailed description of the qualifications of board members across the whole board.

Mr PISONI: You gave them that?

The Hon. T.R. KENYON: We did, yes. It was a minor amendment to specify a whole lot of things as part of the collective qualifications or the collective skill set that the board should have—business, community affairs or something like that, and the education and vocational training side of it, as well—so it firmed up that definitional thing. Their main concern was the Teachers Appeal Board: in the original draft bill you would have noticed that it was not in there. They seemed to think it was important for their members, and it did not really matter to me whether it was in or not.

Mr PISONI: On 13 June, David Smith, Vice-President of the Australian Education Union, said:

Our members in TAFE are extremely worried about their jobs. They feel that they are in a very precarious position at the moment.

Is this extreme concern justified? Is Mr Smith involved in a simple AEU fear campaign or is he simply ill-informed?

The Hon. T.R. KENYON: Thank you for that kind invitation to comment. I think it would be an unusual situation, if we were making legislative changes that tied up people's wages and conditions, that there was not a level of angst. We had a number of consultations—at least Ms Bensted and Mr Garrand did—with over 20, I am told, including regional visits and things like that, where the bill was discussed.

Obviously, the main concerns of employees were their wages and entitlements, and once they realised that everything was just being transferred across into the new TAFE bill, I think that level of anxiety pretty much disappeared. There is no doubt there is some anxiety about Skills for All and the implementation of Skills for All. Obviously, it has not happened yet; there are five more days to go, including today, until it is fully operational. When you change things, people get anxious about it; there is no doubt about that. I am sure the union certainly has a position that is concerned about Skills for All.

Mr PISONI: Is David Smith wrong when he claims that the members in TAFE are extremely worried about their jobs?

The Hon. T.R. KENYON: He may or may not be, I do not know; he would have had conversations as a union representative with his members, and some of them may be worried, under Skills for All, about the way that things will operate. I think that fear is largely unfounded. My firm hope is that the amount of teaching that TAFE undertakes increases. The whole point of Skills for All is increasing the amount of training that goes on.

If we are increasing the amount of training that we are doing, you would think that we would be unlikely to reduce the staff by too many, but that does not mean that people are not afraid of it. Whether that actually happens is a separate issue, but you can understand that, when changes are happening, people get a little bit anxious.

Mr PISONI: Mr Smith also went on to say, 'It is unthinkable that South Australia, poised on the brink of a huge mining boom, is throwing its world-class training provider to the walls.' Did the union express those concerns to you in their meeting with you or the department?

The Hon. T.R. KENYON: They certainly have concerns about Skills for All, but I think they are wrong. I just do not agree with them; if I thought that was the case, I would not do it. I just would not do it. Their concerns are based largely on the Victorian experience, and the department and I have tried, through the whole implementation of Skills for All, to learn from that Victorian experience, and implement a regime that will avoid those troubles as much as we can.

We have been through these in the debate, as you know, but there are regional loadings from both TAFE and private providers, which you would think would probably affect TAFE more because a greater proportion of regional training is provided by TAFE. There is increased loading for TAFE to provide extra—for the same qualification, TAFE receives a higher subsidy because of the various costs involved with running a TAFE, including high capital costs, the regional component, and all of that sort of stuff.

Mr PISONI: That is a perfect segue to my next question, minister. Regarding Skills for All, what is the planned time frame for reducing the differential between the subsidy paid to TAFE and to private training organisations?

The Hon. T.R. KENYON: It would be over a number of years; we do not have a set timetable for it. There are two things: we need to monitor the whole system to make sure we are not getting those Victorian-style blowouts, and we also need to make sure that TAFE makes an orderly transition to a more competitive market. I think, in the long run, if we reduce the level of subsidy to TAFE too quickly, that will affect the viability of TAFE. Seeing as it is providing 80 per cent of training at the moment, and in many cases will provide training that private providers will not want to provide, it would be detrimental to the training scheme overall if we reduced TAFE subsidies too quickly. But, that is something that we are going to have to do.

Mr PISONI: In Budget Paper 3, page 62, there is a reference to TAFE fees over the forward estimates. What was the basis of the percentage of the market that TAFE would have in VET training in order to achieve those fee targets?

The Hon. T.R. KENYON: In working out their budgets for the 2012-13 financial year, TAFE advises me that their rough calculation of their market share is about 75 per cent. However, the assumption is that we will have a growing market and probably a greater influx of private providers, so over time you would expect TAFE's market share to decline, even if it maintains the same level of teaching. If it teaches the same number of students the same number of courses, and private provider participation in the market increases, its market share will decline even though it is teaching exactly the same number of people.

For the purposes of TAFE fees, it is best to use numbers of students to base your calculations of fee income on rather than market share, because the assumptions are that the market will grow and that private provider participation in the market will increase as a percentage of the market. On page 62, Table 3.16 has TAFE fees increasing next year to \$113 million, then \$117 million, \$121 million and \$124 million, so it is anticipating a growth in student numbers, including international students and fee-for-service results.

Mr PISONI: Do you have a contingency for the department to apply to TAFE if it does not meet those budgeted fees and if it does not meet savings targets?

The Hon. T.R. KENYON: My advice is that we do not have a specific contingency amount set aside. In the end the department and the government stands behind TAFE and its financial position. The most practical effect of that is that the department will need to manipulate its own budgets to make sure that it is able to make that up, as it does at the moment. The department currently funds TAFE out of its departmental budget and if there is a shortfall in TAFE then it needs to make that up from within the budget of the department.

Mr PISONI: What will be the total payment to TAFE from DFEEST in order for TAFE to start debt free as a corporation?

The Hon. T.R. KENYON: I think I said in the debate that the deficit for TAFE for this financial year would be around \$5 million.

Mr PISONI: Your current deficits for the last five years are about \$8.4 million.

The Hon. T.R. KENYON: Yes.

Mr PISONI: There is other debt in there as well that needs to be covered, is there not?

The Hon. T.R. KENYON: There are liabilities: student fees as yet unpaid, staff liabilities of long service leave, leave entitlements, and things like that. There are commercial—

Mr PISONI: Those liabilities were unfunded?

The Hon. T.R. KENYON: No. There is a ledger transaction of \$60 million to cover those liabilities into the balance sheet of TAFE.

Mr PISONI: Including operational debt?

The Hon. T.R. KENYON: When you say 'operating debt', are you talking about deficits from—

Mr PISONI: The shortfall.

The Hon. T.R. KENYON: Deficits from year to year, okay. The \$60 million is a one-off, so that will be to cover the liabilities and everything else. From year to year, budget deficits will ultimately be met by the department. With any luck, we will get to the point where it is at least breaking even and we do not have to cover those.

Mr PISONI: Will they require cabinet approval?

The Hon. T.R. KENYON: No, because it will come from within my portfolio budget, within the DFEEST budget essentially.

Mr PISONI: Again on Skills for All, did TAFE need to go through a registration process to be able to receive Skills for All funding?

The Hon. T.R. KENYON: Yes.

Mr PISONI: I have been advised through private RTOs that they are finding it very slow to get registration to be a Skills for All provider. For example, on 14 June, just a couple of weeks ago, it was confirmed that approvals had begun trickling through from early June which, of course, is less than a month from the start date. Are you able to advise how many private providers have been approved for Skills for All funding and how many have applied?

The Hon. T.R. KENYON: Yes. We had 264 submitted applications, of which 124 have been approved, 29 refused, and the remainder are being processed. Of those that are approved, 98 Skills for All provider contracts have been offered. So, as at last Friday 22 June, 98 Skills for All provider contracts had been offered to successful applicants, of which 68 had been executed. That means that they signed them, we signed them and they were ready to roll.

Mr PISONI: When a payment is forthcoming for providers, are they forthcoming on enrolment or completion, and is TAFE subject to the same conditions for payment?

The Hon. T.R. KENYON: They will be paid fortnightly. By the time we get paying and everything starts rolling, it will be August, but they will be paying fortnightly in arrears based on competency. Within any qualification there are units of competency—basically, modules of training. As you complete a unit of competency, you can then invoice the department for that and you do that every fortnight.

Mr PISONI: What is the anticipated payment period from receipt of invoice to transfer into the invoicee's account?

The Hon. T.R. KENYON: Subject to them lodging with us the appropriate quality assurance paperwork, which is that they have in fact finished that unit of competency, we are aiming to be within, but certainly meeting, the Treasurer's Instruction of 30 days. Ideally, we would have a quicker turnaround than that.

Mr PISONI: Will that be managed by Shared Services?

The Hon. T.R. KENYON: No, within the department.

Mr PISONI: You do not trust Shared Services?

The Hon. T.R. KENYON: Sorry, I beg your pardon; I have misled you on that. We will assess the invoices as they come in within the department. The actual physical payment will be through Shared Services.

Mr PISONI: How many of those 98 contracts offered have been for interstate providers?

The Hon. T.R. KENYON: I will need to take the actual numbers on notice and get back to you with that breakdown. Just as a general number, there are approximately 300 training providers in South Australia; 264 of them have submitted applications; 98 have since been offered contracts. The vast bulk of training that is currently being undertaken by providers will be covered straight away. We have tried to target those providers that provide the bulk of the training and then we will get through the smaller ones as we go.

Mr PISONI: Will all of those who have applied be processed in time to offer Skills for All on 1 July?

The Hon. T.R. KENYON: To guarantee the 1 July approval, we set a date that they had to be submitted by the 27 April, and those that were submitted by 27 April will be approved and have contracts.

Mr PISONI: As to those that have come in since then, what is your expectation as to how long it will take to process their applications?

The Hon. T.R. KENYON: It is on a case-by-case basis for each company. Obviously, we will get through them as quickly as we can, but accreditation is an ongoing process, so anyone can apply to be a Skills for All provider at any time. There is a rush now because it starts on 1 July but if you wanted to come into the training market on 2 November this year you could apply at that point.

Mr PISONI: Were you advised of a 1 January start date for Skills for All before deciding to start it on 2 January this year?

The Hon. T.R. KENYON: Since I have been involved in the portfolio, it has always been 1 July. There has never been any discussion of anything different.

Mr PISONI: Was there ever a 1 January 2013 start date discussed or memoed or minuted?

The Hon. T.R. KENYON: The consultation document always contemplated 1 July this year. They had to set a date at some point, and there may have been some discussion with former ministers or internally—but my advice is that they were always pretty firm on 1 July. As far as I am concerned, as long as I have been involved with the portfolio, it has always been 1 July this year. It is possible that very early on, there was some discussion about a date that maybe involved 1 January, but I think all the public documents have said 1 July this year. I think that date must have been arrived at very early on because it was well before I was around.

Mr PISONI: When was TAFE SA approved as a Skills for All provider? What was the date?

Ms BENSTED: I would need to give you the exact date, but I think the contract was signed about 2½ weeks ago.

Mr PISONI: When did they start advertising as being a Skills for All provider?

The Hon. T.R. KENYON: The date of 14 June was approved as their marketing start date for Skills for All with the caveat that they would not have been able to start if they did not have their contract in place. No-one has been allowed to start advertising as a Skills for All provider, including TAFE, unless they were approved as a Skills for All provider.

Mr PISONI: I have seen Skills for All advertised with the TAFE SA brand and I have seen it advertised without the TAFE SA brand. Is TAFE SA responsible for the TAFE SA advertising that is carrying their brand or is DFEEEST paying for that? If it is a separate account, what is the budget for each of those advertising campaigns?

The Hon. T.R. KENYON: There are two separate budgets. There is a general Skills for All marketing budget and then TAFE SA has its own marketing budget. My advice is that the TAFE SA marketing budget is about \$230,000 for the semester two campaign advertising that is currently underway. That is a separate campaign. They are responsible for anything with TAFE SA branding. As part of the contracts, Skills for All providers are allowed to use Skills for All branding when they have their contract and they are approved and everything else.

Mr PISONI: Did you mention the budget for the Skills for All campaign?

The Hon. T.R. KENYON: The wider campaign?

Mr PISONI: Yes.

The Hon. T.R. KENYON: No, I did not. The total budget over five years is \$1.5 million.

Mr PISONI: How much of that is being spent for the launch?

The Hon. T.R. KENYON: The cost to produce the ads was about \$450,000 and the cost of the campaign is about \$450,000, so, \$900,000 over an eight-week campaign for semester two.

Mr PISONI: Do you know of any TAFE courses that will be running at a loss based on the models that have been released for funding?

The Hon. T.R. KENYON: Yes, there are some courses that run at a loss, and one of the changes that is part of Skills for All is that each subsidy is targeted at a qualification. Whereas TAFE definitely has cross-subsidised courses in the past, that cross-subsidisation may still occur to a degree but it will be vastly reduced because courses are going to have to be individually costed. For this second semester TAFE has kept fees largely the same. Diplomas and advanced diplomas have changed but certificates III and IV have largely remained unchanged. They are going through a detailed process now of costing each course and working out what is a reasonable amount to charge for each course.

Mr PISONI: Are you able to provide a breakdown of which courses are running at a loss? I could certainly tell you which pieces of furniture we did not make any money on in my business over 22 years.

The Hon. T.R. KENYON: If we do not know, we will know soon. I think that there is an element of commercial in confidence there.

Mr PISONI: How about you tell me how many?

The Hon. T.R. KENYON: Okay. I will try to find you a number of courses. Yes, I will take that on notice. So, that is the number of courses that are making a loss as opposed to individual and specific courses?

Mr PISONI: Thank you. How many certificate I and II places will be fully funded under Skills for All? In other words, I am asking how many certificate I and II students will you be funding in your budget over the forward estimates?

The Hon. T.R. KENYON: We have taken a rough guess as to that. It really depends on the take-up in the market. There are approximately 400 courses in certificate I and II levels, and I suppose that includes foundation and prevocational courses. There are about 400 courses there that will be fully funded, which equates to 26,000 students in 2010. The 2011 numbers are quite close so we will have them shortly; and I think that we are budgeting to at least keep them and grow a little bit.

Mr PISONI: Is that based on TAFE providing 75 per cent of those places as per your answer to the earlier question about TAFE fees?

The Hon. T.R. KENYON: That is the total number of students in vocational education and training.

Mr PISONI: But you have two different rates. If more people go to the private sector there will be more students going through the system.

The Hon. T.R. KENYON: That is true—at a lower cost, yes.

Mr PISONI: I am trying to establish how you came about that figure of 26,000.

The Hon. T.R. KENYON: The 26,000 is an actual number from 2010, and we are using that as our baseline and growing from there. The total number of students that we are expecting across the whole sector—public, private, all with qualifications—is approximately 18,000 a year extra across the whole of the VET sector. The mix of public and private is in flux all the time, because it is up to the student whether they go to a private provider or a public provider.

Mr PISONI: TAFE are advertising the Skills for All as free, and obviously they are referring to Certificate I and II. Are you able to confirm that there is no student contribution whatsoever—registration cost—for that Certificate I or II?

The Hon. T.R. KENYON: Within the contracts themselves there are quite strict rules about what can be charged and what cannot. Within certificate I and II courses it could be almost all covered under the course subsidy in this case; so that 100 per cent subsidy would cover just about everything. For instance, Ms Bensted has given the example of hairdressing. If the RTO provides scissors for you to use during the course of your training, they are free. If you decide to get yourself

your own pair of scissors, then you would pay for that yourself, but there should be adequate materials for you to do the training as part of certificate I and certificate II.

Mr PISONI: What about registration costs or anything like that?

The Hon. T.R. KENYON: No.

Mr PISONI: Are those already in work eligible for the certificate I and II placings?

The Hon. T.R. KENYON: Yes, you can enrol now.

Mr PISONI: What about public sector employees? Are there any places reserved or caps for public sector employees?

The Hon. T.R. KENYON: There is no reserve basis for public sector workers.

Mr PISONI: Are there any caps?

The Hon. T.R. KENYON: No; the only caveat is that we will enter into contractual arrangements with them for training that is over and above what they currently are undertaking, but we would not allow them to cost shift back to DFEEST the cost of training they are already undertaking. If they are already paying to train up their employees in certain courses they will need to keep doing that. We are not going to subsidise those departments through Skills for All.

Mr PISONI: Finally on this, minister, in the interest of transparency will the total activity of Skills for All RTOs, including TAFE SA, be made public in terms of enrolments and completions, sorted by industry qualification level and qualification?

The Hon. T.R. KENYON: Yes.

Mr PISONI: And that will be what—an annual report?

The Hon. T.R. KENYON: At least annual, but we are hoping to make it six-monthly.

Mr PISONI: I would like to take you now to Agency Statements, Volume 4, page 62, which refers to 457 visas. You may well need to take this on notice. It is under the heading Public Sector Performance. I notice that the latest report from the Department for Immigration and Citizenship on the use of 457 visas and state and territory summary points to the South Australian government being the largest employer in percentage terms—20.7 per cent—of 457 visas for its own employees in mainland Australia. The report says that there are 300 state government employees employed on 457 visas out of a total of 1,480 in South Australia throughout the non-government and government sectors. Are you able to provide a list of occupations that are currently being filled by 457 visa holders in South Australian government?

The Hon. T.R. KENYON: You talked about a percentage of the workforce. Can you go through that part again?

Mr PISONI: Basically, the Department for Immigration and Citizenship released a report in April 2012 that showed, in the government sector, that 300 government employees in South Australia on 457 work visas were working for the South Australian government; out of a total of 1,480 there were 457 visa or foreign workers in South Australia.

The Hon. T.R. KENYON: My advice is that they are, probably, largely in Health, but perhaps it is best—

Mr PISONI: I am happy for you to take it on notice.

The Hon. T.R. KENYON: It is probably best if I do that.

Mr PISONI: What processes does the government go through before deciding to import labour for the Public Service?

The Hon. T.R. KENYON: That decision would be made by individual departments and agencies, but, in general, as part of the 457 process, my advice is that you have to prove to the federal government that you have made an attempt to recruit locally and it is not possible to fill the positions that you want to fill using local labour.

Mr PISONI: Does your department have a policy that flows through to other departments?

The Hon. T.R. KENYON: I am not aware of any sort of common policy across government on that; it is not usual, I would say. If there is a policy, it may, in fact, come from minister Koutsantonis's Immigration SA section, but it is a decision that an individual agency would have to make about its workforce. If it is going to go through a 457 process, it has to be able to show the

commonwealth government that it has made every attempt to recruit locally and that it is not possible to fill those positions using local labour.

Mr PISONI: Are you able to tell us why the South Australian government has the highest proportion of 457 visa holders working for it in mainland Australia?

The Hon. T.R. KENYON: No.

Mr PENGILLY: I thought you would know that, Tom.

Mr PISONI: This refers to page 174, Description/objective—I have it under the heading, 'Broken Jobs Promise'.

The Hon. T.R. KENYON: A very neutral title!

Mr PISONI: Your budget papers have growth of employment at 0.75 per cent, 1.75 per cent and, certainly, under 2 per cent for the entire forward estimates. Your own figures, supplied to *The Advertiser*, say that your five or your six-year promise of 100,000 new jobs from 2010 will now be only 62,600. Are you able to confirm that? Are you also able to explain why the South Australian Centre for Economic Studies forecasts a growth in 2012-13 of 0.5 per cent of employment, whereas you have forecast a growth of 0.75 per cent, and why, in 2013-14, the centre forecasts a growth of 0.75 per cent, while your own budget has that growth at 1.75 per cent?

The Hon. T.R. KENYON: There is an old saying about economist forecasts: you can have 10 economists and you will get 11 forecasts.

Mr PISONI: Which one is right, Tom?

The Hon. T.R. KENYON: Well, being forecasts, by definition, you have to wait and see how it goes before you work out who was right. The essential thing is that, at the moment, all things being equal, we will hit about 62,000 or 63,000 jobs. Obviously, 62,000 is not 100,000 but I think—the whole point of Skills for All is to improve the skills and training of the workforce. If you do that, it leads to productivity benefits, productivity leads to economic growth, and economic growth leads to jobs growth; that is pretty well-known interlinking there.

One of the reasons to do Skills for All is to increase participation rates, and another is to increase productivity. I think if we can get those two going, then there is scope to wind that up. Treasury has to make forecasts about growth; they necessarily have to be conservative, and then everything else flows out of that. So, they make their forecasts—I am actually optimistic that we can beat that.

Mr PISONI: So did the department of employment advise the government that it would be able to achieve 100,00 over six years from 2010 before the government made that promise?

The Hon. T.R. KENYON: I beg your pardon; can you say that again?

Mr PISONI: Did the department of employment advise the government that it would be able to deliver 100,000 new jobs over six years before the government made that promise in March 2010?

The Hon. T.R. KENYON: The Strategic Plan target on jobs—100,000 jobs over six years—and also their election commitment, would have been done in consultation with the department. The thinking behind it was that, in the six years before that, there had been a 2 per cent per annum increase in jobs growth, and if we could continue that jobs growth at 2 per cent—

Mr PISONI: I want to be quite specific here: did the department advise that the government would be able to deliver 100,000 new jobs before the government made the promise that it would deliver 100,000 over six years? The question is: did the department give the government that advice before the government made that promise?

The Hon. T.R. KENYON: It is hard for me to know because I was not a minister then and I certainly was not the minister for employment—

Mr PISONI: No, but your CEO is right there so you can ask him.

The Hon. T.R. KENYON: —but there was pretty extensive consultation around the formation of the Strategic Plan target, which is 100,000. We can certainly check.

Mr PISONI: Can you also advise when that advice was given to the government from the department?

The Hon. T.R. KENYON: Yes.

Mr TRELOAR: This is a broad question, but it relates back to the regions. Can you provide any clarity on whether there are any programs focused on youth employment in regional areas in particular and maybe highlight some of them?

The Hon. T.R. KENYON: Probably the two major components of our regional jobs for youth strategy would be, first, having TAFE colleges in regional areas. I think it is fair to say that private providers are largely reluctant to go into regional areas because they are not as profitable, so having TAFE in those areas to provide training is an important part of that strategy. It is better for kids to go into training of some description: finish school and go to university or take up a trade or some sort of vocational training. Having places to do that is important, so having TAFE in regional areas is important. Having higher regional loadings to the subsidies for both private and public providers as part of Skills for All helps keep training providers in regions and hopefully encourages more training providers into the regions.

On top of that we have a program called South Australia Works. South Australia Works assists the state to achieve its training and employment participation targets. It has a regional delivery model, which achieves strong community engagement. Each region has to come up with its own plan. Each regional area has a workforce plan and the RDAs around the place work closely with them. They have their roadmaps for their regions, where they think jobs are coming from, and they pass that on through SA Works, and then SA Works has its projects that are designed to get people—particularly at-risk or those people who are on the edges of the workforce—trained and then into jobs.

There are a whole lot of good stories that come out of that SA Works program: people that were not really engaged with the workforce or the training force and then who get trained up and go on to employment. We met some of them last week. I was up in the Riverland and I met some of those people. In fact, there were a couple of young Aboriginal guys working at Monarto Zoo that we met. The three people from the ads went through the SA Works program. There are three ads that are running at the moment with Aaron, the young bloke; Rebecca, the younger one; and Jenny, the older lady, who all went through the SA Works program, and training and jobs. So, they are real stories. That operates across the whole state and it operates successfully in regional areas.

Mr PISONI: I will take you back to Budget Paper 4, Volume 2, page 169—Expenses. The annual report lists a number of paid board positions within the department. In 2010, 21 members received remuneration for sitting on boards and, in 2011, that increased to 36 members. Can I have a breakdown of board payments for all of those members and boards?

The Hon. T.R. KENYON: Yes. If you do not mind, I will take that on notice. Again, I probably will not provide names.

Mr PISONI: All the names are here.

The Hon. T.R. KENYON: Well, if there are names there then, yes, we can give you those details.

Mr PISONI: Are you also able to tell me whether those who represent organisations are paid directly or whether their organisations are paid for their time?

The Hon. T.R. KENYON: For those people who are representing an organisation, it would be a policy of their organisation.

Mr PISONI: But you would know whether you would write the cheque out to them or to the organisation.

The Hon. T.R. KENYON: Yes. I am sure we can find that, but we do not have a policy on it. We ask them to be on the board or for the organisation to supply a representative.

Mr PISONI: Would the information for which I have asked, and which you have agreed to bring back, be able to identify whether it is a salary payment or a fee to an organisation?

The Hon. T.R. KENYON: You are probably getting into the personal side of things there. I will bring back that list of organisations for you and leave it at that, but I would not want to split it as to whether they take it personally or whether it goes to their organisation. It is a matter for them and their organisation.

Mr PISONI: And their members.

The Hon. T.R. KENYON: Yes, that is right.

Mr PISONI: HSU members would be very interested to know what their staff are being paid.

The Hon. T.R. KENYON: It is not for me to decide.

Mr PISONI: I understand that, but you have that information and I am asking you to provide it.

The Hon. T.R. KENYON: Well, it is not for me to release that information. I have the information so that we can make the payment, but it is not for me to release it. It would be up to the organisation or to the individual to release it.

Mr PISONI: Or the FOI process.

The Hon. T.R. KENYON: It may be exempt from FOI, but you are welcome to put in an FOI application. I would never say 'Don't do that.'

Mr PENGILLY: During the course of this session you have taken a considerable number of questions on notice. Can you give a time line—seven days, 14 days, or something like that—for these answers, because they are questions to which we want answers?

The Hon. T.R. KENYON: We will get them to you as soon as we can. We have processes for that. Questions on notice have to go back through cabinet and everything else, so I cannot give you a definite time line. I might point out that we have often taken questions on notice at the suggestion of the questioner.

The CHAIR: They do need to be provided to the committee by 21 September.

The Hon. T.R. KENYON: There you go.

Mr PISONI: That would be great. We would be doing much better than the education department last year.

The Hon. T.R. KENYON: We will do everything we can to meet the 21 September deadline.

Mr PENGILLY: I have been waiting for an FOI from Premier and Cabinet since November last year.

The Hon. T.R. KENYON: I cannot help you with that one.

Mr PISONI: I just want to take you to TAFE fees again. Can you update the committee as to the total amount of outstanding TAFE fees at the latest audit?

The Hon. T.R. KENYON: As of 31 May 2012, TAFE SA fees relating to students amounted to approximately \$16.2 million—so, that is outstanding—and \$6.6 million of that is for invoices within the 30-day period. Basically, they have issued the invoice and in the normal course of events most of that would be paid within the 30 days.

Mr PISONI: So \$10 million is overdue.

The Hon. T.R. KENYON: So \$10 million is more than 30 days—yes, outstanding. Traditionally TAFE SA experiences very low bad debt write-off percentage. In 2010-11, 0.6 per cent was written off. I will see if I can get—

Mr PISONI: Of fees or late payments? That was about \$2 million, wasn't it?

The Hon. T.R. KENYON: That is student debts written off as a proportion of student—

Mr PISONI: What was the actual dollar amount?

The Hon. T.R. KENYON: I will try to find that for you.

Mr PENGILLY: Just on that, minister—

The Hon. T.R. KENYON: Sorry, member for Finniss. I beg your pardon. I will try to find this answer and then I will come back and do yours. Is that alright?

Mr PENGILLY: Absolutely.

The Hon. T.R. KENYON: In 2010-11, \$200,000 in student debts was written off out of a total student fee revenue of \$35 million. So, it was \$35 million in student fee revenue and, in 2010-11, \$200,000 of that was written off. This year so far in 2011-12 we have written off \$8,000, but not having got to the end of the financial year that will probably change.

Mr PENGILLY: Just in relation to that, and perhaps you will have to take it on notice, can you inform the committee how many former trainees of members of parliament have amounts owing which have been unpaid by electorate services or Treasury and Finance? By way of explanation, my trainee who finished about a month ago came in quite distraught last Friday because she had a letter of final demand from TAFE for a figure more than \$1,000 that had not been paid up by electorate services or whoever it is. Take it on notice, but I would be interested to know whether there are others.

The Hon. T.R. KENYON: Absolutely, yes.

Mr PENGILLY: I do not think it is good enough if we are out there trying to seek money from people outside if we cannot even get our own paperwork done.

Mr PISONI: This refers to the Critical Skills Investment Program on page 60 of Budget Paper 6. Can you advise the committee of what consultation there was with training groups and industry about the removal of the payroll tax concession for apprentices and trainees?

The Hon. T.R. KENYON: There was very little before the budget, and then we talked extensively to them after.

Mr PISONI: So 'announce and defend'.

The Hon. T.R. KENYON: Well, often with budget measures it is difficult to consult widely before the budget.

Mr PISONI: Can you advise how many employers of apprentices qualified for or took advantage of the exemption while it existed?

The Hon. T.R. KENYON: Not off the top of my head. We will have to take that on notice and get the absolute number. The thing to remember about it is that it accounted for, not just apprentices, but trainees as well.

Mr PISONI: This is specifically about—

The Hon. T.R. KENYON: I understand.

Mr PISONI: The budget paper says that the funding will be redirected to better target support for training in areas of critical skills. Can you please advise what those critical skills are, when employers can expect to be able to apply for that funding, how they will go about it and how much will it be?

The Hon. T.R. KENYON: How will they go about—

Mr PISONI: How they will go about applying for it, how do they qualify, and how much will it be?

The Hon. T.R. KENYON: Okay. The qualifications are, and sometimes there are broad categories within some of these qualifications with other qualifications underneath them. So, for instance, Certificate III in Automotive Mechanical Technology has motorcycle mechanic, motor mechanic and motor mechanic (diesel) as part of it. I am happy to provide you with this list if you like or I can read it into *Hansard* whichever one you like.

Mr PISONI: No, provide it, that will be fine. Are bakers on that list?

The Hon. T.R. KENYON: No. I will give you the broad headings if you like.

Mr PISONI: No, that is alright. I just want to know whether bakers are on there.

The Hon. T.R. KENYON: No, bakers are not on here.

Mr PISONI: That is what my next question is about.

The Hon. T.R. KENYON: Okay.

Mr PISONI: Why then did the government launch this program in a bakery?

The Hon. T.R. KENYON: Because at the time they would have been eligible.

The CHAIR: There being no further questions, I declare the examination of the proposed payments concluded.

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

Membership:

Mr Marshall substituted for Mr Pisoni.

Departmental Advisers:

Mr R. Garrard, Chief Executive, Department of Further Education, Employment, Science and Technology.

Mr C. Fowler, Deputy Chief Executive, Department of Further Education, Employment, Science and Technology.

Dr J. Coombs, Corporate Development Director, BioSA.

Ms C. Anderson, Director, Digital Economy and Technology, Department of Further Education, Employment, Science and Technology.

Mr J. Kovolos, Director, Strategic Finance and Budget, Department of Further Education, Employment, Science and Technology.

The CHAIR: I open for consideration the proposed payments for the Minister for Science and Information Economy. Minister, is there any change to the timetable?

The Hon. T.R. KENYON: Yes, sir, there is. There will be no government questions and no opening statement—half an hour.

The CHAIR: Member for Norwood, would you like to start the questions?

Mr MARSHALL: Thank you, Mr Chairman. I refer to Budget Paper 4, Volume 2, page 182. Can the minister outline the grants and subsidies contained on that page, in particular where it talks about for the forthcoming financial year of \$8 million in grants and subsidies. What programs will they be provided under, and can the minister approve any discretionary grants and subsidies during the year?

The Hon. T.R. KENYON: The large bulk of that is from the Premier's Science and Research Fund. It is about half of that in just the one single program, the Premier's Science and Research Fund.

Mr MARSHALL: That is about \$4 million of the \$8 million?

The Hon. T.R. KENYON: Yes, \$4.2 million. The remainder of that, which is another \$4 million, approximately, relates to infrastructure grants to the universities—so, just pay-downs of infrastructure grants to the various universities.

Mr MARSHALL: All the grants under Program 2: Science, Technology and Information Economy, are to the universities and about half of it is to the Premier's—whatever you called it.

The Hon. T.R. KENYON: The Premier's Science and Research Fund.

Mr MARSHALL: And the remainder is infrastructure grants to the university?

The Hon. T.R. KENYON: The great bulk of that remainder. If you like, we can have a quick flick through and get you full details.

Mr MARSHALL: That would be great. In the last financial year, \$9.3 million was provided under Grants and subsidies. Were there any specific grants and subsidies which were provided this year over next year or is it just a reduction in the dollar value?

The Hon. T.R. KENYON: It probably would relate to the timing of the infrastructure grants. The \$4.2 million of the Premier's Science and Industry Fund remains the same, and then the peak above that would be approximately another five. These infrastructure grants that have been spent over a number of years have seen a decline in peak spending amounts. It peaked in 2007-08—the National Collaborative Research Infrastructure Strategy, which is winding down; so, 2011-12 was its final year of payments. That equates for the vast bulk of that.

Mr MARSHALL: What universities are able to make an application for the grant program? Are they just the Australian universities or any university based in Adelaide?

The Hon. T.R. KENYON: Research institutes can apply for it; it is not just universities.

Mr MARSHALL: The CRCs, that sort of thing?

The Hon. T.R. KENYON: Yes. The Royal Adelaide Hospital has received some money, the CSIRO has received some money, and SARDI has received some money.

Mr MARSHALL: Are all those recipients documented and published somewhere or is that something the minister can provide to the committee?

The Hon. T.R. KENYON: Yes, we can provide it to you.

Mr MARSHALL: On the same page, can you indicate where the \$6.4 million of intragovernment transfers is going?

The Hon. T.R. KENYON: Almost all of that has gone to Bio Innovation SA, to Dr Coombs' budget. That is their budget; so each government transfer will be a budget going from us out to them. We have a funding agreement with Bio Innovation SA.

Mr MARSHALL: Intragovernment transfers of \$6.4 million are going from your department into Bio Innovation SA because they are run separately, not within your—

The Hon. T.R. KENYON: Correct.

Mr MARSHALL: That is why there are no FTEs in here, because they are separate to you?

The Hon. T.R. KENYON: Correct.

Mr MARSHALL: Interesting. I presume that in the previous year, then, the \$7.869 million, was also to Bio Innovation SA. That is quite a substantial decrease—\$1.4 million in one year.

The Hon. T.R. KENYON: Last year \$6.8 million went to Bio Innovation SA, and almost all the balance would have gone to the last year of Playford.

Mr MARSHALL: That's Playford Capital, not Playford Centre, which was written in—

The Hon. T.R. KENYON: Playford Centre.

Mr MARSHALL: Playford Centre, not Capital?

The Hon. T.R. KENYON: The holding company, or head company, Playford Centre. I will deal with it later.

Mr MARSHALL: Really, the decrease in money going to Bio Innovation SA is in the order of about \$400,000 a year, which is essentially a reduction in the grant program that they are providing?

The Hon. T.R. KENYON: Yes.

Mr MARSHALL: Can the minister outline how many FTEs actually work at Bio Innovation SA?

The Hon. T.R. KENYON: It is 14.4 full-time equivalents.

Mr MARSHALL: It has gone up. I find that difficult to believe, given they have had a budget decrease.

The Hon. T.R. KENYON: It was 16 previously.

Mr MARSHALL: For this current financial year, it was reported at last year's estimates that it was going down to 12: presumably, that was not achieved?

The Hon. T.R. KENYON: The operational budget to Bio Innovation SA has increased a little bit, and they are just increasing their FTE a little bit.

Mr MARSHALL: Currently, they are at 14.4; then, going forward—

The Hon. T.R. KENYON: They will be at the end of this financial year. At the end of the 2012-13 financial year it will be about 14.4 FTEs. It is not currently that at the moment; it is currently around 12 or 13. I apologise, we are now at 14.4—they have just hired to 14.4—and it will stay like that for the rest of the year.

Mr MARSHALL: Good.

The Hon. T.R. KENYON: I got there eventually.

Mr MARSHALL: Have you visited the Thebarton Bioscience Precinct?

The Hon. T.R. KENYON: I have. Have you been there?

Mr MARSHALL: Of course, yes; it is very good.

The Hon. T.R. KENYON: Good; I would have organised a tour if you had not.

Mr MARSHALL: You would appreciate that that precinct is reaching its current full capacity?

The Hon. T.R. KENYON: Yes.

Mr MARSHALL: Does the government have any plans to complete the outstanding stages of the Thebarton precinct redevelopment?

The Hon. T.R. KENYON: There is obviously a long-term master plan: that is not funded at the moment but we are looking at how we might be able to build that out. We are trying to plot and scheme and find ways to do it, but there are no concrete plans yet.

Mr MARSHALL: My understanding of that precinct is that it operates on a full cost-recovery basis anyway, so it is not like the government is putting any money into the incubator there—the companies are there on a full cost-recovery basis—is that correct?

The Hon. T.R. KENYON: It is not full cost recovery so it is not a commercial real-estate proposition, put it that way. If it was, they could just build it—borrow the money and the rents would pay for it and everything else like that—so it is not.

Mr MARSHALL: That is my next question.

The Hon. T.R. KENYON: It is not a full commercial operation.

Mr MARSHALL: What level of subsidy is the state government providing for that incubator in its current form?

Mr PENGILLY: Tom, you should know all this.

The Hon. T.R. KENYON: It is one thing to know it and another thing to make sure that you are right when you say it and someone writes it down.

Mr MARSHALL: Exactly.

The Hon. T.R. KENYON: The main subsidy is the original investment in the building, so by paying the costs of the building and leaving Bio Innovation SA with the costs of running the operation and minor maintenance and that sort of thing, that is the main subsidy, so they do not need to charge for the full commercial return on the building.

Mr MARSHALL: Presumably, that has all been paid for. You are charging rent each year for each of the companies in the incubator. Where does that money go? Does it go to Bio Innovation SA and form part of their operating budget or does it go back into consolidated revenue within Treasury and Finance, DPTI or something like that?

The Hon. T.R. KENYON: It gets netted out as part of their budget, so what revenues they get are taken off their budget allocation and then they have an operational budget and a grants budget for the whole year and rents and other income are deducted against that from the allocation from the budget.

Mr MARSHALL: To clarify that, Bio Innovation SA operates the incubator and charges rent to the companies in it and they receive that into their statement each year.

The Hon. T.R. KENYON: That is right.

Mr MARSHALL: Because under sub-program 2.3, on page 187, no income is listed. I presume that the bioscience industry development program, the \$6.115 million, is the money which is essentially going to Bio Innovation SA.

The Hon. T.R. KENYON: Perhaps if I get you a detailed accounting explanation for why it is written up that way; that is probably the best way to do it.

Mr MARSHALL: I am not trying to be difficult or anything, but I just—

The Hon. T.R. KENYON: No, I understand. Vagaries of accounting procedures elude me.

Mr MARSHALL: Exactly. Sub-program 2.3 seems to be the bioscience and innovation program. It has expenses each year of \$6.115 million, and I just wonder whether the actual budget for it is significantly higher, because there is income coming in.

The Hon. T.R. KENYON: No, it is a net budget. So, the budget transfer from the department is reduced by the amount of income they get.

Mr MARSHALL: We already established, in my first question, that there is actually \$6.4 million going from the department into this program.

The Hon. T.R. KENYON: Instead of having an argument about accounting, I will get an answer and get back to you.

Mr MARSHALL: Okay. As I said, I am not trying to—

The Hon. T.R. KENYON: No, I understand.

Mr MARSHALL: I am genuinely just trying to understand it. With regard to Playford Capital, I note there are no payments in this budget for Playford Capital anymore; does that reside wholly within SAFA now?

The Hon. T.R. KENYON: Yes.

Mr MARSHALL: Was there ever any consideration in your department to rolling Playford Capital into the Terra Rossa fund within Bio Innovation SA?

The Hon. T.R. KENYON: The best advice I have is that they did not think it was an option at the time.

Mr MARSHALL: But it was considered but not pursued?

The Hon. T.R. KENYON: No, I do not even think it was considered, to be honest. The advice that I have is that it was not even considered.

Mr MARSHALL: It has not been considered?

The Hon. T.R. KENYON: Well it is being wound up now; it is well into the wind-up process.

Mr MARSHALL: In fact, it has just been extended for a further 12-month period.

The Hon. T.R. KENYON: For a couple of companies so they can sell out; they can still sell out, but they do not have—

Mr MARSHALL: The Treasurer provided to the estimates committee earlier in the process that, in fact, apart from the initial increase in time frame for the wind-up, there has been a further 12-month increase announced.

The Hon. T.R. KENYON: There are a number of companies, and if you have asked the Treasurer, he would give you the best answer, but my understanding is that it is just part of the wind-down.

Mr MARSHALL: I refer to page 182. What was the commonwealth revenue of \$1.3 million that was received specifically applied to, and is that likely to maintain in future years?

The Hon. T.R. KENYON: That is for the flexible learning centre. The flexible learning centre runs the national E-Learning Framework, and it is chaired by Mr Garrand. They run national e-learning programs—develop them and then run them, I think. Part of that money also pays for a couple of staff and the programs that they design and deliver.

Mr MARSHALL: That is contained under 2.2, is it, the Information Economy program?

The Hon. T.R. KENYON: Yes. The federal government money comes from DEEWR and it comes to our information economy section.

Mr MARSHALL: On the topic of the flexible learning centre, if you are receiving \$1.3 million worth of income from the federal government, do you know what the total expenditure on that sub-program of Information Economy is? Does that make up the bulk of the \$3.9 million under sub-program 2.2 or are there other significant programs in there?

The Hon. T.R. KENYON: The information economy section of Science and Information Economy is \$3.9 million. In fact, you could round it up to \$4 million pretty much. The section that you were talking about—

Mr MARSHALL: Flexible learning centre.

The Hon. T.R. KENYON: —is \$1.3 million.

Mr MARSHALL: So we are not putting any state money into the flexible learning centre, we are just administering a federal government grant; the rest are the programs that are outlined in the highlights and targets?

The Hon. T.R. KENYON: Yes, you are right.

Mr MARSHALL: Under administered items, which is contained within your area as well, there is an item on page 194 for \$270,000. What is that?

The Hon. T.R. KENYON: That is my pay.

Mr MARSHALL: You have had a very large pay increase. Why were you only paid \$184,000—

The Hon. T.R. KENYON: I don't see it; my wife gets it.

Members interjecting:

Mr MARSHALL: Why was it only \$184,000 in the previous year and up to \$270,000?

The Hon. T.R. KENYON: Because I was not appointed until—

Mr MARSHALL: Presumably there was a minister.

The Hon. T.R. KENYON: Yes, but he was also Treasurer.

Mr MARSHALL: Is this a portion of your salary? Presumably your salary is under a number of portfolios with your manifold responsibilities in government.

The Hon. T.R. KENYON: It was split between Treasury and DFEST.

Mr MARSHALL: Yes, but aren't you sport and recreation and all of those things as well? I like to call you the minister for fun, actually.

The Hon. T.R. KENYON: If only it were true.

Mr MARSHALL: You would only have to put in the arts and it is the complete package, really, isn't it?

The Hon. T.R. KENYON: I did lobby the Premier for that title. It is just the split between departments, I think.

Mr MARSHALL: It is the split between the two departments that you run?

The Hon. T.R. KENYON: Yes.

Mr MARSHALL: Can you speak to us about the medical devices program and, in particular, the funding that you have been providing to Flinders University? It was not a lot of money, but I must say, of all the programs the government has put money into, this was one that I felt quite strongly about, and that program has been cancelled. Can you outline the total amount of money that you have provided to Flinders for this program and the reasons for the cessation of funding for that particular program? You can take it on notice. I am not going to do a press release on it in the next 15 minutes.

The Hon. T.R. KENYON: The Medical Device Partnering Program was awarded \$625,000 in 2007-08 in a funding round of the Premier's Science and Research Fund, with a matching \$2.4 million from industry partners. It has just recently been awarded another \$200,000 from the Premier's Science and Research Fund for results or specific milestones in 2012-13; milestones in 10 research workshops leading to 10 technical exploration projects which will be undertaken.

Mr MARSHALL: So the only money your department has put in is \$825,000?

The Hon. T.R. KENYON: Yes, that is right.

Mr MARSHALL: Not that we have a lot of time, but is there any reason why the program within DMITRE has been cut and the program within your department has been cut? It seemed that that program was just getting to the point of fruition.

The Hon. T.R. KENYON: That was part of the Mid-Year Budget Review process.

Mr MARSHALL: Can the minister detail whether any of the programs previously run by Innovate SA have been taken up by his department?

The Hon. T.R. KENYON: No, we have not taken any up.

Mr MARSHALL: Are the Chief Scientist's costs included in the budget under sub-program 2.1 and, if so, what is the value of those costs?

The Hon. T.R. KENYON: Yes, it is included in that sub-program. He does two days a week. He is paid on a part-time basis, nominally two days a week, for which he earns \$70,000. However, I have to say that Don is fantastically dedicated and he is here just about every day.

Mr MARSHALL: He is an outstanding public servant.

The Hon. T.R. KENYON: I am very pleased to be able to tell you—if you have not seen the press release already—that we have just reappointed him for another term.

Mr MARSHALL: The Liberal opposition will join in welcoming that decision by government, because we also find his work to be outstanding.

The Hon. T.R. KENYON: He is a good man.

Mr MARSHALL: What was the total cost?

The Hon. T.R. KENYON: \$70,000.

Mr MARSHALL: Can the minister provide details of the five remote Aboriginal communities that he provided public internet access to this current financial year under the Outback Connect program?

The Hon. T.R. KENYON: Marree, Mimili, Amata, Fregon—and there is one other. We are just trying to find the last one.

Mr MARSHALL: You can take that on notice. But is there a plan for that program to continue into the next financial year? Are there other communities that are going to be connected or is it just going to stick with those five?

The Hon. T.R. KENYON: There is no more capital expenditure because setting up the equipment was the cost of it. They will still have access to the internet and everything else.

Mr MARSHALL: The Outback Connect program: that is not an ongoing program. It has done its five communities.

The Hon. T.R. KENYON: It is installing, yes—

Mr MARSHALL: The RiAus, that is—

The Hon. T.R. KENYON: Hang on. I can add more to that. It is has been taken over by the—

Mr MARSHALL: NBN Co?

The Hon. T.R. KENYON: No, by the National Partnership Agreement on Remote Indigenous Public Internet Access with Senator the Hon. Stephen Conroy.

Mr MARSHALL: Is that something your department is administering?

The Hon. T.R. KENYON: We will definitely be involved in it in some way and we are doing it already.

Mr MARSHALL: Not now, but could you come back to me with what the program for the next financial year will be, what communities and the dollars?

The Hon. T.R. KENYON: Yes, no problem.

Mr MARSHALL: Also, RiAus: what level of support does the government provide on the RiAus?

The Hon. T.R. KENYON: There is no ongoing funding, other than we are giving them \$15,000 a year over three years from 2011 to 2014 to a joint Inspiring Australia (IA) project which includes supporting the key principles and recommendations of the IA national strategy, employment of a local IA officer and support for the operations of National Science Week in South Australia.

Mr MARSHALL: What is IA, minister?

The Hon. T.R. KENYON: Inspiring Australia. They are eligible to apply for grants through our grant programs, which they do and we give them, but they are one-off grants. We hire their facilities from time to time for functions and things like that.

Mr MARSHALL: There is no dedicated state government funding to RiAus from your department or any others that you are aware of?

The Hon. T.R. KENYON: No, it is all program based from now. They got a grant of \$15 million from the commonwealth in 2009. It is just all project based funding.

Mr MARSHALL: Finally, minister, if I am allowed one more question, the budget paper at pages 183 to 184 talks about \$400,000 of marketing activity associated with growing science, technology, engineering and mathematics (STEM) skills. What was that money spent on, and is there anything allocated to marketing activities for the coming financial year?

The Hon. T.R. KENYON: We have a program that has not fully expended this year and we will roll it over to next year. It is basically encouraging people to undertake STEM courses to get kids more interested in science, basically.

Mr MARSHALL: Is that something that is administered by your department? Is there a name for the program?

The Hon. T.R. KENYON: It is part of the STEM strategy. There is a STEM reference group that includes us (DFEEST), DECD, the EDB, DMITRE and Defence SA.

Mr MARSHALL: But you coordinate the program and the cost of it is about \$400,000 a year and that is for this current financial year. Next financial year?

The Hon. T.R. KENYON: The program this year will not be fully expended; we will roll it over.

Mr MARSHALL: You won't spend it all.

The Hon. T.R. KENYON: Not in this financial year, no.

Mr MARSHALL: So you will apply to carry it over, but you have a similar allocation for next financial year.

The Hon. T.R. KENYON: No, it is just a one-off.

Mr MARSHALL: It is just a one-off.

The Hon. T.R. KENYON: As a department, our main effort in the STEM skills side of things has been that we have the strategy, but the main effort from our department has been to fully fund a whole heap of VET courses that are related to those STEM skills. So, you can do it all the way through from certificate I right up to advanced diploma level and it will be free all the way through.

Mr MARSHALL: But that would not appear in the science and information section; it would be in the DFEEST budget.

The Hon. T.R. KENYON: That is correct, yes.

The CHAIR: There being no further questions, I declare the examination of the proposed payments completed.

Dr CLOSE: I move:

That the draft report be the report of the committee.

Motion carried.

At 13:51 the committee concluded.