

**HOUSE OF ASSEMBLY**  
**Wednesday, 26 September 2018**  
**ESTIMATES COMMITTEE A**

**Chair:**

Mr P.A. Treloar

**Members:**

Hon. Z.L. Bettison

Mr. M.E. Brown

Dr R.M. Harvey

Mr. E.J. Hughes

Ms P. Luethen

Mr P.N. McBride

*The committee met at 09:00*

*Estimates Vote*

**DEPARTMENT FOR INDUSTRY AND SKILLS, \$412,297,000**  
**EQUITY CONTRIBUTIONS FOR THE DEPARTMENT FOR INDUSTRY AND SKILLS,**  
**\$13,809,000**

**Minister:**

Hon. D.G. Pisoni, Minister for Industry and Skills.

**Departmental Advisers:**

Mr M. Duffy, Chief Executive, Department for Industry and Skills.

Mr J. King, Executive Director, Skills and Employment, Department for Industry and Skills.

Mr A. Reid, Executive Director, Industry, Innovation, Science and Small Business, Department for Industry and Skills.

Ms P. Chau, Executive Director, Strategy and Business Services, Department for Industry and Skills.

Mr M. Smith, Acting Director, Finance, Department for Industry and Skills.

**The CHAIR:** Welcome, everybody, to a reconvened Estimates Committee A. The estimates committee is a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. I understand the minister and the lead speaker for the opposition have agreed to an approximate time for the consideration of proposed payments, which will facilitate a change of departmental advisers. Can the minister and lead speaker for the opposition confirm that the timetable for today's proceedings, as previously distributed, is accurate?

**The Hon. D.G. PISONI:** I am advised it is accurate.

**The CHAIR:** You have agreed to that? Thank you. Changes to the committee membership will be notified as they occur. Members should ensure that the Chair is provided with a completed request to be discharged form. I can advise that the following members have requested to be discharged from yesterday: Finniss, Morphett, Hurtle Vale and Port Adelaide. They have been

replaced by the members for Newland, MacKillop, Giles and Ramsay. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 26 October 2018. I propose to allow the minister and the lead speaker for the opposition to make opening statements of about 10 minutes should they wish.

There is a flexible approach to giving the call for asking questions, based on about three questions per member, alternating each side; although, this is not necessarily so. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may ask a question at the discretion of the Chair. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the assembly *Notice Paper*.

There is no formal facility for the tabling of documents before the committee; however, documents can be supplied to the Chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house; that is, it is purely statistical and limited to one page in length. All questions are to be directed to the minister, rather than the minister's advisers, and the minister may then refer questions to advisers for a response. The committee's examinations will be broadcast in the same manner as sittings of the house are broadcast, through the IPTV system within Parliament House and via the web stream link to the internet.

I will now proceed to open the following lines for examination: the portfolio is the Department for Industry and Skills. The minister appearing is the Minister for Industry and Skills. I declare the proposed payments open for examination and refer members to Agency Statements, Volume 3. I call on the minister to make a statement if he wishes and to introduce his advisers.

**The Hon. D.G. PISONI:** Thank you, Mr Chair. I will introduce my advisers for this session. We have Mr Mark Duffy, Chief Executive of the Department for Industry and Skills on my left. On his left is Mr John King, Executive Director of Skills and Employment in the Department for Industry and Skills. On my right is Mr Adam Reid, Executive Director of Industry, Innovation, Science and Small Business in the Department for Industry and Skills.

I will start with an opening statement. It is my pleasure to share with you today the valuable work that the Marshall Liberal government is doing in the industry and skills portfolio. The Marshall Liberal government is creating a competitive, dynamic economy—one that provides new career opportunities, one that fosters entrepreneurship and one that strengthens the future of our state through business growth.

The government has made it clear right from the start that we will not be in the business of picking winners. We saw that was not working with the approach of the previous government. Across all industries, we will be refocusing support away from short-term stimulus and instead we are creating a competitive and pro-business environment that enables businesses to be self-reliant to start, to grow and to thrive.

Our support includes much welcome tax relief. The Marshall Liberal government recognises that South Australia's 143,000 small businesses are the backbone of our economy. About one-third of South Australians who are employed are employed in the small business sector, and it generates about one-third of the state's gross product. We are creating the right economic environment and conditions to help them grow and for new businesses to start.

We are easing the tax burden by exempting all businesses from annual payroll tax with a payroll of up to \$1.5 million. This will start from 1 January next year, and 3,500 small businesses will get immediate relief as an implication of the start of that policy. Of course, it will enable many more businesses now to grow without fear of being taxed for taking on more staff.

We have provided a 50 per cent reduction in the emergency services levy, returning \$90 million a year back into the pockets of businesses and households—that is \$360 million over four years. Many government members have received extraordinary feedback as South Australians opened their emergency services levy accounts they received recently and saw that the government has delivered on a key election promise when they saw the significant difference—the halving of their

emergency services levy compared with what they have been paying over the last four years under the previous government.

We are providing \$95.9 million in land tax relief to allow businesses to grow and invest with confidence. Business confidence in South Australia is now at its highest level in the best part of a decade, and we are seizing this moment of opportunity to reshape and grow South Australia's economy across all sectors. In line with stronger business confidence, labour market conditions have also improved over the five months between March and August.

A really interesting statistic is that the number of monthly hours worked has increased by 1.2 million hours to 114.4 million hours, which is the highest on record. That shows that there is real activity happening out there in the economy. The first signs of a business being more confident to invest and expand is giving existing staff extra hours, so we are seeing that coming through in those figures.

To help achieve further economic growth, we are establishing two new agencies: the South Australian Productivity Commission, to get our economy back on track, and Infrastructure South Australia. I was very pleased to see the Speaker sign the bill yesterday in his office to be sent off to be proclaimed. Infrastructure South Australia will combine the expertise of the private and public sectors in planning the infrastructure needs for the future, and that is productive infrastructure that we need here in South Australia.

The Productivity Commission will focus on growing a strong economy, providing advice on the state's financial position, regulatory reform and red tape—this is very important in the innovation sector—and of course also ensuring that we meet our targets, which I will speak about shortly, for apprentices and trainees, improving government service delivery and economic reform, including energy markets. The new Infrastructure South Australia independent body will ensure that we have better infrastructure planning and more transparent decision-making, creating the state's first 20-year infrastructure strategy, which will prioritise spending on new transport and other economic infrastructure in South Australia.

The Marshall Liberal government is making sure that industry assistance is targeted and that our focus is on opportunities to provide broader benefits for the state and, importantly, in our regions. We have established three new funds: the Economic and Business Growth Fund of \$100 million, which is the responsibility of the Treasurer; the Research, Commercialisation and Start-Up Fund, which is \$27.9 million over four years; and the Regional Growth Fund—I know that is a favourite of yours, Mr Chair—is \$150 million over 10 years and administered by minister Whetstone.

We are making South Australia the nation's start-up capital. South Australian start-ups, whilst small in number, are, on average, more ambitious in terms of jobs growth than in the rest of Australia. We are stimulating this ambition: we have started work on Australia's largest incubator and hub in the heritage buildings on Lot Fourteen, the former Royal Adelaide Hospital site.

Lot Fourteen will become home to start-ups, entrepreneurs, students, businesses and some of Australia's leading researchers. This includes the University of Adelaide's Australian Institute for Machine Learning, the country's first institute of its kind, which will open its doors at Lot Fourteen later this year. We are expecting about 1,000 people by 2019, and even more people as the year moves on. Expressions of interest opened recently and will close next week. This will complement the activities occurring across our other innovation and research precincts.

Recently, we appointed Australia's first Chief Entrepreneur, Jim Whalley. It was interesting to note that, for a job that has no salary, a lot of people put up their hand wanting to participate in that role. We are very pleased to see the amount of interest from South Australian entrepreneurs in the government's project.

Jim is the chairman and co-founder of defence industry company Nova Systems and brings to the role a diverse range of experience across business, science and innovation. As the Chief Entrepreneur, Jim will provide advice to government on strategies to grow the start-up community and raise the state's profile as the best place to grow a successful business. Jim will be supported by the new Office of the Chief Entrepreneur and the Entrepreneurship Advisory Board, which will

provide independent strategic advice to the government on how better to support entrepreneurs in South Australia.

Promoting an entrepreneurial focus to the younger generation is a major focus of this government. We are introducing entrepreneurial education in our schools, including new SACE subjects which focus on recognising opportunity and starting a business. We are creating four new entrepreneurial high schools in South Australia: two in regional South Australia, which I know will be of interest to you, sir, and two in metropolitan Adelaide. We will establish at least one new technical college in the western suburbs of Adelaide, which will have a focus on preparing students to work in a defence-related sector.

We are pursuing discussions with the Australian government about locating the national Space Agency here in South Australia. It surprises many South Australians when you speak to them about South Australia that there are already about 800 people working directly in the space sector in South Australia, so we have a strong case for locating the national Space Agency here. High-level skills are more important than ever to economic growth and they are a major focus for this government. We are making sure that, through our reforms to the training system, people are being skilled in line with the needs of industry.

We are implementing an industry-led training system. This is revolutionary for South Australia, where industry is driving the needs and the requirements they have through the training and skilling space here in South Australia. South Australians are actually learning the skills that industry needs to employ them so they can grow. The establishment of eight industry skills councils will play a vital role in providing advice to the government and giving industry a stronger voice. They will form a revitalised training skills commission. Reforms are needed to address the unacceptable decline in training over the last six years.

There has been a 66 per cent decline in training contract commencements since 2012, down to 8,300. This decline has been happening in the critical area of apprenticeships and traineeships, with training contract commencements in South Australia weakening by another 9.1 per cent, or 800 commencements, over the 12 months to March 2018. The previous government certainly went out with a bang, leaving a workforce simply not prepared for the opportunities coming South Australia's way, particularly through the defence sector. It was the second largest decline in the country. The Marshall Liberal government is determined to turn this around.

As a former apprentice, I know the value of a trade and I want to encourage more people to consider a career in a trade. I know that the member for MacKillop also understands the value of a trade, being a fitter and turner, and it is terrific that he has joined the team. It is a fact that many of our best and most secure careers result from apprenticeships and traineeships, and it is a fact that many of our business leaders and entrepreneurs have a trade background. You need only attend some of the business events that you do as a member of parliament or as a minister to learn about the backgrounds of the people who are running those businesses. Almost exclusively, those businesses are run by people who got their start through an apprenticeship.

As our economy continues to evolve and new industries emerge, university degrees are not necessarily providing all the skills needed to fill the gaps in the jobs market. Encouraging young people to pursue a career through a technical qualification as the preferred option requires a cultural mind-shift. We are running a campaign to promote the career and business opportunities that flow from apprenticeships and traineeships. According to the Training and Skills Commission report on the predicted top 50 occupations with the most growth over the coming years, 84 per cent will not need a bachelor's degree from a university but, instead, a vocational or technical skill.

In May 2017, Skilling Australia released a report, 'Perceptions are not reality', which found that five years after completing school VET graduates or those doing an apprenticeship or traineeship are 25 per cent more likely than bachelor's degree graduates to be in full-time employment. On average, those who have vocational qualifications, five years out from starting in their new profession or trade, earn \$2,000 a year more than those with a bachelor's degree. Those with a technical skill earn, on average, \$58,000 a year compared with \$56,000 a year for those with a bachelor's degree.

Of course, those who have taken a vocational pathway have no HECS debt they need to deal with either. It is a very attractive option to take up for South Australians who are entering the

workforce, in particular, and there is a strong case for it. It is the job of this government to make sure that parents and those who are influences in the lives of students—

**The Hon. Z.L. BETTISON:** Point of order: the time limit is 10 minutes.

**The CHAIR:** Sorry, could you repeat your point of order, please?

**The Hon. Z.L. BETTISON:** I understand that there is a 10-minute limit on opening statements.

**The CHAIR:** Around 10 minutes, member for Ramsay. The minister has just exceeded that, but I sense that he is coming towards the end of his opening statement.

**The Hon. D.G. PISONI:** I am, sir, and I am getting very excited about the government's agenda.

**The CHAIR:** I can see that.

**The Hon. D.G. PISONI:** Over the next few years, there will be a tsunami of economic opportunity heading South Australia's way, with defence projects ramping up. As an example, the shipbuilding workforce will need to increase by an estimated 3,600 from 2021. Apprenticeships and traineeships deliver real skills for real careers and they are at the heart of our reforms through Skilling South Australia.

The South Australian government is increasing the number of apprentices and trainees in South Australia by more than 20,000 over four years. We have committed \$100 million of state funding to make this happen and have secured a further \$102.6 million from the commonwealth to help us achieve this target. This is a real investment in skills development that will lead to real career outcomes.

On its own, our funding is not enough to boost the apprentice and trainee numbers. Not only do we need to restore community confidence in the value of apprenticeships and traineeships but we also need to make sure that it is easier and more rewarding for employers to engage with the training system to take on new apprentices and trainees. We will work closely with employers through a statement—

**The Hon. Z.L. BETTISON:** Chair, it does not appear that the minister is winding up.

**The CHAIR:** I did sense that. Minister, could you wind up? You are coming towards 15 minutes, and I will call you to a halt at 15 minutes.

**The Hon. D.G. PISONI:** I am certainly getting there, Chair.

**The CHAIR:** You have 30 seconds.

**The Hon. D.G. PISONI:** Thank you very much. We will work closely with employers for a streamlined registration process that will cut red tape. We are halving the time it takes to process employer registrations. For those employers who are not in a position to employ their own apprentices and trainees, we are increasing support for group training organisations to reduce the risk and absorb the administrative burden.

Under Skilling South Australia, there will be a network of advisers for employers to support them through the process of employing apprentices. There will also be tailored funding incentives for employers in industries where there is significant potential to increase traineeship and apprenticeship opportunities. To date, the department is working on 100 new project submissions. Of course, it is a situation where one size will not fit all. We are making it possible for apprentices to start younger and earn and learn with our flexible apprenticeship pathways.

**The CHAIR:** Thank you, minister. I will call a halt there. Does the lead speaker for the opposition wish to make an opening statement of around 10 minutes?

**The Hon. Z.L. BETTISON:** Straight to questions, please, Chair.

**The CHAIR:** If that is the case, I call the lead speaker, the member for Ramsay.

**The Hon. Z.L. BETTISON:** I refer to Budget Paper 4, Volume 3, page 127. Minister, have you issued a directive to your chief executive, or any other employee of your department or the Office of the Industry Advocate, not to meet with the shadow minister?

**The Hon. D.G. PISONI:** Not that I am aware of.

**The Hon. Z.L. BETTISON:** I understand that she has sought several briefings, which have not happened. Is this a directive of yours?

**The Hon. D.G. PISONI:** I do not recall being made aware of an approach by the shadow minister. She certainly did not speak to me.

**The Hon. Z.L. BETTISON:** As a former shadow minister, you would have been briefed by the former government. Obviously, you have no issue and you have never issued a directive.

**The Hon. D.G. PISONI:** There is a process for members of parliament who want briefings. They approach the minister's office, and the arrangements are made through the approach to the minister's office. That was standard process with the previous government and nothing has changed.

**The Hon. Z.L. BETTISON:** So you are saying here today that you have never received contact from the shadow minister's office requesting briefings?

**The Hon. D.G. PISONI:** Personally, I have not, no, not that I can recall.

**The Hon. Z.L. BETTISON:** I suggest you speak to your Chief of Staff. I refer to Budget Paper 4, Volume 3, page 130. Since becoming minister, have you had any upgrades to the office of the Department for Industry and Skills?

**The Hon. D.G. PISONI:** Have I had any upgrades to the office?

**The Hon. Z.L. BETTISON:** Yes.

**The Hon. D.G. PISONI:** The office is relatively new. I believe that the previous government hired two floors of that office. I believe that you were in one of those offices in that building.

**The Hon. Z.L. BETTISON:** No.

**The Hon. D.G. PISONI:** Certainly, the office that I am in was the office of previous minister Kyam Maher. When I arrived, it had a lovely leather lounge suite, which is certainly being used. It has a quite extensive boardroom setting, which is being used. About one-third of the office is not being used. As you would be aware, shadow minister, there has been a reduction in the number of ministerial staff.

**The Hon. Z.L. BETTISON:** Minister, I am referring to the Department for Industry and Skills. As you can see on page 130, the total project cost is \$2.4 million and you have budgeted \$2.221 million this year. I am referring to your Waymouth Street office accommodation.

**The Hon. D.G. PISONI:** I have been advised that the fit-out of the former department of state development was a project of the previous government. My understanding is that it was completed just recently, and it was completed under budget.

**The Hon. Z.L. BETTISON:** The budget is for this year, in 2018-19.

**The Hon. D.G. PISONI:** Yes; but, as I said earlier, the work was commissioned by the previous government. Obviously, the work was in progress when there was a change of government, so the work is now complete, I understand. I have been advised that it was completed under budget.

**The Hon. Z.L. BETTISON:** I will perhaps come back to this. I refer to Budget Paper 4, Volume 3, page 128. How many FTEs in your department have been cut in the 2018-19 financial year compared with the 2017-18 year?

**The Hon. D.G. PISONI:** There were obviously some savings targets from the member for West Torrens, the treasurer in the previous government, in his Mid-Year Budget Review. Obviously, it is the role of the chief executive officer to make those cuts. I have been advised that ongoing operational efficiencies of 58 FTEs will be achieved from 2018-19, of which 32 will go towards budget savings through the organisational redesign, which aims to provide a modern public sector agency

that is more efficient and effective. FTE reductions will be achieved through a combination of staff attrition and not renewing executive and term contracts.

**The Hon. Z.L. BETTISON:** If there are 58 FTE cuts in your department, why did you proceed with the Waymouth Street office accommodation, given that the majority of the budget is in this financial year? Why did you continue with that cost?

**The Hon. D.G. PISONI:** The previous government commissioned that cost. I am advised that there has been a savings of a floor, with savings over 10 years. There has been a merger, with the Department for Energy coming into the building. I emphasise, member for Ramsay, that the work itself was commissioned by the previous government.

**The Hon. Z.L. BETTISON:** But do you not think that, if you are cutting FTEs from your department, on becoming the minister you should have stopped this accommodation, given that the majority of the total project cost is in this financial year? You are giving me mixed messages here. You say, 'We want efficiencies, we are pulling back, but I didn't stop this project.'

**The Hon. D.G. PISONI:** This work was a contract that was signed by the previous government. Are you suggesting that the department should have stopped the work and then paid penalties and put those working on those contracts out of a job? Is that what you are suggesting? This is a contract that your government signed and, apparently, funded. Are you saying it was not funded?

**The Hon. Z.L. BETTISON:** You are the minister here. I am just putting it to you that you have had this significant cut to your department. Let's move on to the fact that—

**The Hon. D.G. PISONI:** No, no—

**The Hon. Z.L. BETTISON:** No, I am asking about Budget Paper 5.

**The Hon. D.G. PISONI:** You cannot move on from the fact that this was work commissioned by you and now you are complaining about it.

**The Hon. Z.L. BETTISON:** I refer to Budget Paper 5, Budget Measures Statement, page 98. You have a plan for \$57 million in savings. How will this be achieved?

**The Hon. D.G. PISONI:** In relation to the previous question, I should clarify that if the work did stop not only would there have been penalties in the contract, as I understand it, but there would have been an additional cost to the department over 10 years of \$21.8 million. As irresponsible as the previous government may have been at times with taxpayers' money, that may have been one of the more sensible things that they may have done for longer term savings. Your question was about the \$57 million.

**The Hon. Z.L. BETTISON:** The savings target, minister.

**The Hon. D.G. PISONI:** To support the government's election commitments, the department will deliver savings of \$41.1 million over four years through a new model of promoting entrepreneurship resulting in the secession of the Early Commercialisation Fund and the orderly wind-down of TechInSA. This will generate savings of about \$18.9 million over four years, some of which will be reinvested into the new Research, Commercialisation and Start-Up Fund.

In addition, the role of the chief innovator has been abolished and replaced by the role of the Chief Entrepreneur. As I said earlier, the Chief Entrepreneur will not receive a salary. The discontinuation of the Automotive Supplier Diversification Program will generate a one-off saving of \$1.7 million in 2018-19.

**The Hon. Z.L. BETTISON:** How many more FTEs will be cut from your department over those four years?

**The Hon. D.G. PISONI:** I covered that in the previous question.

**The Hon. Z.L. BETTISON:** So 58 is for the whole four years going forward, not just in 2018-19?

**The Hon. D.G. PISONI:** I am advised that the 58 is the four-year period.

**The Hon. Z.L. BETTISON:** Minister, I refer you to Budget Paper 5, pages 98 and 99, in this financial year. What is the total amount cut from employment programs compared with the previous financial year?

**The Hon. D.G. PISONI:** Can we have that again, please?

**The Hon. Z.L. BETTISON:** We are looking at the cut for employment programs from 2017-18 to 2018-19 in Budget Paper 5. What is the total amount cut?

**The Hon. D.G. PISONI:** We run a very big employment program, with \$202.6 million being spent on new trainees and apprentices. We have made some of the changes in order to realign the program of the government, focusing more on delivering skills that employees need and also identifying where there has been a doubling up of services between state and federal governments. The South Australian government is implementing its new policy priorities for skills, including reversing the decline in apprenticeships—and I spoke about that in my opening statement—growing numbers by over 20,000. The career services program has been discontinued, and this is—

**The Hon. Z.L. BETTISON:** What was that cut?

**The Hon. D.G. PISONI:** It is a reprioritisation. The interesting thing here is that the commonwealth government is investing enormously in the career programs area. Unlike the previous government, we are looking at what we can do in a collaborative manner with the federal government. We are not particularly interested in ownership of programs; we just want to make sure that programs are being delivered. We have seen an investment of approximately \$7.3 billion in the federal program over five years, from 2015-20, into jobactive to help jobseekers find a job. Jobactive providers can help jobseekers to write a résumé, look for work, to prepare for interviews and to find and to keep a job.

The commonwealth government announced \$189.7 million, for More Choices for a Longer Life packages in their 2018-19 budget. This package is delivering a range of jobs and skills measures, including career transition assistance. That is a \$136.4 million program. This will help older jobseekers build their skills and confidence to become more competitive in their local labour market. This service will be available in South Australia from 1 July next year. The Job Change initiative is \$15.2 million to provide mature age Australians and jobseekers with practical assistance to reskill, stay in the workforce and find a job.

**The Hon. Z.L. BETTISON:** So, minister, you think that this state should abdicate its role to the commonwealth?

**The Hon. D.G. PISONI:** I am answering your question, member for Ramsay. The government has discontinued five previous government programs as at the end of 2017-18. They deliver savings of \$7.04 million in 2018-19. They are Career Services, Jobs First Employment Projects, the Retrenched Worker Program, the Personal Support Program, and the University of the Third Age. The commonwealth government is providing employment services for jobseekers and these are being expanded with announcements of new programs for mature age and young people in this year's commonwealth budget. Of course, I spoke about those earlier.

The South Australian government will continue to support unemployed people to gain skills and secure employment through access to the Subsidised Training List, which the government is expanding, and opening up more places both connected to contracts of training and also outside contracts of training. We are also enabling more funding to be available to the non-government training sector. On average, we know that we will get more training outcomes with the same spend if more non-government providers participate in that space.

Obviously, we are working with TAFE. We are also working with the non-government sector, ensuring that South Australians are getting the skills they need to participate in the workforce. South Australian businesses are ready to take off; they just need to make sure their staff have the skills they need. That is a role for which this government has taken responsibility.

As I spoke about earlier, we had a terrible situation in South Australia where the previous government, despite being aware of the tsunami of opportunity that was coming to South Australia with the shipbuilding, submarine building and all the spin-off industries available, presided over a TAFE that had a wrecking ball pushed through it by the previous minister and her board and a



crippling of the non-government training sector, which led to the 66 per cent drop-off in the number of participants in vocational education over a five-year period.

We are serious about fixing that. The government's agenda is focused around doing that and this budget is focused around doing that. There is a stark difference between the ideology of the previous government and that of the new government. The previous government likes to control people, and you do that by handing out a little bit of money whenever people are hungry. We actually like to teach them to cook so that they can be participants in the community. That is what the government's new agenda is all about.

We are focusing on putting money into skills training so that South Australians have the skills they need to be strong, independent contributors to the community. Many of them, I know, once they get their start, will go on to very successful careers, and a lot of them will start their own businesses. We know that South Australia has a higher proportion of small businesses compared with other states and we want to encourage that to continue.

**The CHAIR:** We have a question from the member for King.

**Ms LUETHEN:** Thank you, Mr Chairperson. I refer to Budget Paper 4, Volume 3, page 134. Minister, what is the government doing to address the unacceptable decline in student commencements, including the critical area of apprenticeship commencements?

**The Hon. D.G. PISONI:** Thank you, member for King. I know how—

*The Hon. Z.L. Bettison interjecting:*

**The Hon. D.G. PISONI:** I know it is disorderly to respond to interjections, but the member for Ramsay says 'cutting TAFE'. I think that the shocking thing about the previous government is that it closed 14 TAFE sites, and we saw a dramatic reduction in the number of students attending TAFE.

**The CHAIR:** Minister, you will answer the question from the member for King.

**The Hon. D.G. PISONI:** We are actually putting an extra \$110 million into TAFE, and we are committed to fixing TAFE. Just yesterday, I was with the education minister—

**The Hon. Z.L. BETTISON:** The minister is actually not responsible for TAFE.

**The Hon. D.G. PISONI:** —and the Premier out at Regency TAFE announcing, together with the Australian Naval College, the first TAFE training organisation in Australia to be certified to deliver a key skill in shipbuilding in the welding area. It was great to see.

**The CHAIR:** Minister, thank you for that response. I call you now back to the question from the member for King.

**The Hon. D.G. PISONI:** Thank you, Mr Chair. I thank the member for King. I know that she is extremely passionate about opportunities for young people in her own electorate, and it is an area where there are lots of families, and families are very interested to participate in the choices that are available for their children before entering the workforce. Skilling South Australia meets the needs of industry and the economy, and it is front and centre of the Marshall Liberal government's agenda.

Vocational Education and Training (VET) in South Australia has been in decline in recent years, with fewer than 63,000 people participating in government-funded VET training in South Australia from 2017. That is a significant figure, 63,000, the lowest number on record for South Australia and the biggest percentage fall of training participation in the nation. That is one hell of a record for the deputy opposition leader, the member for Port Adelaide.

Decline has been happening in critical areas of traineeships and apprenticeships, with training contract commencements in South Australia weakening, by 1.9 per cent or 800 commencements, over the 12 months to March 2018—the second largest decline nationally. The upheaval in the training system over the past six years has unsurprisingly seen a 66 per cent decline in contract training commencements. The Marshall Liberal government is determined to turn this around. We are working to fix the training system and to restore the trust of employers and students in the quality and value of their skills and qualifications.

Since taking office, we have already delivered better access, more choice, more places and more courses to students, employers and training providers. We have taken the first step to fixing the Subsidised Training List. If you recall, Mr Chair, back in 2015, I think it was, about March, the previous government decided that the Subsidised Training List was going to be almost exclusively funding TAFE only, which saw hundreds and hundreds of businesses and employees of those businesses in the private sector cut out without warning to an established business in South Australia.

It is no coincidence that since then we have continually seen more and more decline in training opportunities here in South Australia. We are fixing that. The Subsidised Training List is key to opening up contestability, and the Subsidised Training List was a key election commitment to increase transparency, contestability and access to choice.

Following a comprehensive consultation process with industry, which I am advised was the first time industry was involved in developing any amendment to the Subsidised Training List, the Subsidised Training List 4.0 was released in May 2018 and offers public subsidy training places for almost 370 qualifications. Non-government providers now have access to an initial 43 courses, expanding choices for both students and employers to almost 250 courses, a 20 per cent increase from the previous subsidised training list and representing almost \$20 million in new training activity for non-government training providers.

The investment is specifically designed to increase the number of South Australians in training, to restore stability and to ensure that people are gaining skills in areas vital to the economy and jobs of the future. We have also increase the number of courses that can be undertaken under training contract arrangements in more than 290 courses, providing more chances to connect South Australians directly to jobs through training.

The Marshall government understands that investment in training is an investment in South Australians and their employability and an investment in industry, providing the necessary skills to drive economic growth. Vocational training offers a unique connection for employment, linking training to the skills people use in the world of work. What is critical about this change in emphasis is that we want to know what industry needs in order for them to grow and what industry needs in order for them to employ more South Australians. Through Skilling South Australia we will create even stronger links between training and jobs, with a particular focus on apprenticeships and traineeships.

**The Hon. Z.L. BETTISON:** Point of order 128: this is repetition. This was covered in the opening statement.

**The CHAIR:** The minister is able to respond to a question in whatever manner he sees fit, but I sense once again that he is winding up his answer.

**The Hon. D.G. PISONI:** I am, indeed. It is a very exciting time in South Australia for those who want to have a lifetime career because they are now in a situation where the government is on their side. We are removing barriers for employers. We are removing barriers for employees. We are also removing some of those unfair perceptions that have evolved over the last 10 or 15 years about vocational education. We are lifting the prestige of vocational education—

**The Hon. Z.L. BETTISON:** Chair, point of order: this was covered directly, word by word, in the opening statement.

**The CHAIR:** I accept the point of order. Minister, could you wrap up this response.

**The Hon. D.G. PISONI:** I do not believe I used 'prestige' in my opening statement, Mr Chair.

**The CHAIR:** The word 'prestige' I do not recall, minister, but—

**The Hon. D.G. PISONI:** That is a brand-new addition—

**The CHAIR:** —bring this response to a close, please.

**The Hon. D.G. PISONI:** —to the answer to my question. I suppose the bottom line is that we are fixing the mess that was left by Labor.

**The Hon. Z.L. BETTISON:** Minister, you detailed that you have cut these five previous government programs. You had some pretty strong personal views about these programs. What are your thoughts about them?

**The Hon. D.G. PISONI:** I am not quite sure what the budget line is in that question.

**The Hon. Z.L. BETTISON:** The budget line is Budget Paper 5, page 98. Minister, did you not call these employment programs 'rubbish'?

**The CHAIR:** Member for Ramsay, for my benefit could you repeat the question, please.

**The Hon. Z.L. BETTISON:** These programs have been cut, and I am asking the minister about his views because my understanding is that he has quite strong views about these programs.

**The Hon. D.G. PISONI:** I have very strong views about job opportunities for South Australians and South Australians being able to stay in South Australia, particularly young South Australians, and businesses being able to grow. I have very strong views about that and I am not embarrassed about that at all. As a matter of fact, my entire professional life, after I finished my apprenticeship, I was actually in business and running a business, so I am very passionate about business in South Australia and, of course, training.

I trained 20 apprentices in the 22 years that I ran that business, so I have very strong views about apprenticeships and traineeships and on the benefits they give to those who start their working careers through that pathway. I also have enormous respect for employers who regularly employ apprentices and trainees. I know that it is not always easy to make a commitment to take on an apprentice or trainee. We think this is one of the areas where there is an opportunity for the government to help.

I know it is always difficult to understand when a government says, 'We are here to help you,' but I can tell you that we are very keen to help many of those businesses that have yet to take on a trainee or an apprentice. We want to help them do that for the first time. In my own experience as a small businessperson, taking on the first apprentice was a big decision. I was a very young man at the time—I think I was probably only around 22—and it just happened to be—

**The Hon. Z.L. BETTISON:** Chair, my question was about employment programs, not about the minister's personal experience.

**The CHAIR:** Member for Ramsay, my recollection is that you asked the minister for his thoughts about, or his opinion of, which—

**The Hon. D.G. PISONI:** That is what I heard, sir.

**The Hon. Z.L. BETTISON:** But he is talking about his own apprenticeships; I am asking about the employment programs. Can I perhaps move on to Budget Paper 2, pages 9 and 10. Minister, can you—

**The Hon. D.G. PISONI:** Hang on, I have not finished my answer on my personal views. I do not really get much of a chance to talk about my personal views very often, sir—

**The Hon. Z.L. BETTISON:** I have heard it many times.

**The CHAIR:** You have that opportunity this morning, minister; we have until 11.30, so member for Ramsay there is plenty of time this morning. Minister, have you almost finished your reply?

**The Hon. D.G. PISONI:** I think so, other than to say that the government and I would like to see a very, very strong private sector here, generating real jobs—not jobs from government grants where you have to tax people to pay for them. We know that they do not work; they are not sustainable. It only took the Soviet Union 70 years to collapse, but it did collapse on a system like that. This is why we need a strong private sector in South Australia, and that is what the Marshall government is delivering.

**The Hon. Z.L. BETTISON:** Let me move to Budget Paper 2, pages 9 and 10, relating to the Jobs First employment program. Had Bedford Industries previously received funding from the Jobs First employment program? If so, how much, and what was this funding?

**The Hon. D.G. PISONI:** That is quite a detailed question. I will bring that back to you, member for Ramsay.

**The Hon. Z.L. BETTISON:** You obviously cut the Jobs First program. When did you advise Bedford Industries that you had cut their program?

**The Hon. D.G. PISONI:** I will bring the answers to your question on this—

**The Hon. Z.L. BETTISON:** I am pretty surprised you do not have this answer, because you said you had cut five programs—

**The Hon. D.G. PISONI:** I have answered your question—

**The Hon. Z.L. BETTISON:** —but you do not have the details of who you cut.

**The Hon. D.G. PISONI:** I have answered your question and I will bring the details back to you when we have those details.

**The Hon. Z.L. BETTISON:** When you cut the Jobs First employment program, how did you tell people?

**The Hon. D.G. PISONI:** I think the point that I made earlier was that there has been a change of emphasis in the way government funding is being delivered to programs for jobs in South Australia. I have been advised that previous recipients of those grants were advised by phone call and/or letter.

**The Hon. Z.L. BETTISON:** Did you meet with those recipients? Did you meet with Bedford Industries?

**The Hon. D.G. PISONI:** I have met with Bedford Industries on previous occasions. I have met with job networks on previous occasions. I think it is important to understand that there has been an enormous increase in support of the job network program from the federal government. As I said earlier, at the risk of a point of order being called by the opposition, we are not in the business of duplicating what others are doing. We do not need to give money to a program so we can stand in front of a camera to get a media opportunity, a publicity shot or a news shot, handing over money and pretending or creating an illusion of action.

We will be able to access federal money for many of these programs. A decision was made that we have a skills gap here in South Australia. There was a very generous offer on the table from the federal government to match state funding. We got in early with that program. We were the first state to sign the Skilling Australians program with former minister Kevin Andrews. I know that new federal minister Senator Cash is very excited that vocational education has now been lifted to cabinet at a federal level. We are also excited about that because it shows just how serious the federal government is about increasing the number of apprenticeships and traineeships in Australia, so we are very proud to be in partnership with the federal government in delivering that outcome.

I will run through what the federal government is offering. This is very relevant to the member for Ramsay's question. You need to understand the motivation of this government compared with that of the previous government. We would rather do things than talk about what we are going to do.

**The Hon. Z.L. BETTISON:** Point of order: it was detailed earlier in a response exactly what we have abdicated to the commonwealth to do. I ask the minister to stop repeating his answers.

**The CHAIR:** Minister, is this germane to your answer?

**The Hon. D.G. PISONI:** It is germane because there are actually some additional—

**The CHAIR:** Additional information?

**The Hon. D.G. PISONI:** —grant programs—

**The CHAIR:** Continue.

**The Hon. D.G. PISONI:** —that, in my excitement to talk about the opportunities that have been delivered to South Australia from the federal government, I omitted to include in my previous answer. The commonwealth government is investing through a number of different programs. One

is the Stronger Transitions package to provide tailored services, which helps workers find new jobs. There is \$10.3 million in that package. In addition to the commonwealth government's Youth Employment Package announced in May 2016, it is investing \$840.3 million over four years to assist 120,000 vulnerable young people into these jobs.

There has also been a change in emphasis in the department that I am responsible for. We have a very open door for people who have inquiries about getting a job or growing their business. Under the previous government, I think many people in business felt that the default position, or the default answer, for anything outside the box was no. Under this government, the default answer is yes. We will say yes and then do everything we possibly can to help make it happen.

Obviously, we cannot do it every time, but we will examine ways in which we can make that happen and that may very well include contacting our federal colleagues and departments at both the state and commonwealth level and working together. I know that is what happened in the Skilling Australians negotiations. It was a terrific relationship between John King and his counterpart in Canberra to get the outcome that we achieved for South Australia. Because we were so early to sign, we received an extra \$7 million—

**The Hon. Z.L. BETTISON:** Point of order: this is repetition.

**The CHAIR:** I ask the minister to come to the conclusion of this response.

**The Hon. D.G. PISONI:** The answer is always yes.

**The Hon. Z.L. BETTISON:** Minister, obviously, the answer was not yes for Bedford Industries when you cut the funding for the Jobs First employment program. Will you commit to provide the answer about how much that cut was by the end of this session? You seem to have a lack of knowledge and a lack of concern about the impact of the Jobs First employment package. Do you actually know what the activities were of the Jobs First program?

**The Hon. D.G. PISONI:** Mr Chair—

**Ms LUETHEN:** Point of order: I refer to standing order 127. It appears that the member is making a personal reflection on another member.

**The CHAIR:** Well, I do not know that it is quite that at this stage, member for King. I do remind the member for Ramsay that the opportunity here for you today is to ask questions, not to provide commentary. Could you repeat your question please.

**The Hon. D.G. PISONI:** There is something I object to. To suggest a lack of care I think is inappropriate and I would like it to be withdrawn.

**The CHAIR:** Member for Ramsay, the minister has taken offence at your description of him.

**The Hon. Z.L. BETTISON:** I think the words I used were 'a lack of concern', given he has no knowledge of what the cut was.

**The CHAIR:** He has asked you to withdraw your comment. Are you prepared to withdraw it?

**The Hon. Z.L. BETTISON:** I withdraw my comment, but I do ask him to provide the information on what the cut was by the end of this session.

**The Hon. D.G. PISONI:** We will provide the information in the appropriate time. The Chair explained that it was 28 October when answers come back, so we will provide an answer for you within the appropriate time, something which, unfortunately, the previous government failed to deliver on time and time again when it came to answering questions and bringing questions back to the—

**The CHAIR:** Member for Ramsay, it is quite within a minister's rights to take questions on notice.

**The Hon. Z.L. BETTISON:** Referring to Budget Paper 2, Disability Works Australia also receives funding under the Jobs First employment program; how much and what was this funding for?

**The Hon. D.G. PISONI:** Can you please provide the budget line and page number?

**The Hon. Z.L. BETTISON:** Budget Paper 2, pages 9 and 10.

**The Hon. D.G. PISONI:** We will bring that back to you, member for Ramsay.

**The Hon. Z.L. BETTISON:** Referring to the same budget line, has funding for the Governor's Aboriginal Employment Industry Clusters program been cut?

**The Hon. D.G. PISONI:** I am advised no.

**The Hon. Z.L. BETTISON:** Last financial year, the previous government had a program called the Aboriginal Apprenticeship Program. Has this program been cut?

**The Hon. D.G. PISONI:** I am advised that the program has been realigned under the Skilling South Australia program.

**The Hon. Z.L. BETTISON:** What will your KPIs be for that?

**The Hon. D.G. PISONI:** We will get back to you on that.

**The Hon. Z.L. BETTISON:** So you still have a focus particularly acknowledging the barriers for employment for our Aboriginal community. You will continue to have that focus?

**The Hon. D.G. PISONI:** The short answer to that I am advised is yes.

**The Hon. Z.L. BETTISON:** I move on to Budget Paper 5, page 101. Minister, can you detail how many new apprenticeships and traineeships will be created in each of the forward years 2018-19, 2019-20, 2020-21 and 2021-22? I am very clear on and aware of your target, but how will you break that up and what are your expected new apprenticeships for each of these years?

**The Hon. D.G. PISONI:** We have made a commitment of \$202.6 million being spent over the next four years. The total number we are planning to deliver over that period is 20,800. In round figures, that funding amounts to a million dollars a week that we are investing in training in South Australia. To reach the full 20,800, the total will rise to—

**The Hon. Z.L. BETTISON:** Just to clarify, minister, could you determine for 2018-19 to start with.

**The Hon. D.G. PISONI:** I am just answering your question now. The Agency Statements for the Department for Industry and Skills includes a new performance indicator, and I imagine that you would have seen that—the 3½ thousand commencements for the 2018-19 year through the Skilling South Australia program.

**The Hon. Z.L. BETTISON:** Sorry, could you just repeat that?

**The Hon. D.G. PISONI:** Well, it is actually in the budget papers on page 136. The target is there.

**The Hon. Z.L. BETTISON:** And the target is?

**The Hon. D.G. PISONI:** The target is 3,500, as per the budget papers.

**The Hon. Z.L. BETTISON:** So 3,500 each financial year is your commencements.

**The Hon. D.G. PISONI:** No, the commencements for the 2018-19 year is 3,500.

**The Hon. Z.L. BETTISON:** How many are additional or extra and on top of what we currently have? For example, in 2018-19 what was the expectation for new apprenticeships and traineeships to be commenced and what is the difference? We have heard the figure 20,800 quite substantially. This financial year, what will be the difference between what we are expecting and what will be required to reach your new target?

**The Hon. D.G. PISONI:** If we kept on the trajectory of the previous government, we would have been expecting fewer apprentices. The first thing we are doing is actually stopping the decline. We are arresting the decline in the—

**The Hon. Z.L. BETTISON:** Minister, that is not my question. I am asking how much it is and what the difference—

**The Hon. D.G. PISONI:** I am answering your question. The activity baseline is set at 2016 levels and is 9,975. That was the agreed baseline under the National Partnership Agreement on Skills Reform. As a result, this translates to an overall target of more than 13,000 commencements for 2018-19

Over the four-year period, we are looking at about a 50 per cent increase in apprenticeship commencements compared with what your government left here in South Australia. It is an ambitious target, I have to say. It is a very ambitious target, but there is a very considered plan and real commitment from the government, my ministerial office and the department to make this happen. We know how important it is.

For the first time, I have seen an enormous amount of goodwill in the business community to make this happen. They understand that it is not about them anymore; it is about South Australia's future and it is about the industry. They know that they cannot continue to have the view that so many businesses have had previously of, 'Why should I train somebody? Someone will just pinch them.' You hear this time and again when you talk to small businesses about why they do not train somebody or why they do not take on apprentices. Many of them say, 'I used to do that, but then I would lose them to one of the bigger companies that would pay them more.'

They are now realising that they cannot afford to have that position anymore because fewer and fewer tradespeople are available in some of the key areas, and that is only going to get worse with the opportunities that are coming South Australia's way. Weld Australia tell me that we are about 1,100 welders short of being ready for the submarines and the shipbuilding projects on the continuous build. That is an enormous challenge.

Back in June, I approved funding of about \$1 million to invest in some welding simulators for TAFE at Regency. According to the advice I have been given, the beauty of the welding simulators is that they help build skills in the welding area much more quickly because of their design. This is why we need to ensure that the Department for Industry and Skills is the purchaser of vocational education. This is a significant shift. When this department was part of the department of state development, the department was the purchaser and one of the deliverers of vocational education, which some would argue was a conflict of interest.

We are looking at best possible outcomes for training. We are not welded—if I can use the pun—to using one particular provider because we have an interest as a department. We are able to get out there and talk to all those who are delivering quality vocational education in South Australia. Much of that happens in association with the group training bodies. They have their own RTOs. The MTA and PEER are two that come to mind that are very large.

Many of those are now expanding into regional South Australia. We are very excited about that because one of the key messages I picked up when I was visiting the regions soon after coming to office was the number of off-the-job training opportunities that have been moved out of the regions and back into Adelaide. We are dealing with that by taking a two-pronged approach. This week, employers had access to a lot more money for accommodation and travel expenses for their apprentices when they need to travel more than 150 kilometres to attend off-the-job training.

**The Hon. Z.L. BETTISON:** Chair, point of order: this is publicly available information.

**The Hon. D.G. PISONI:** This may not be of interest to the member for Ramsay, but I know that it is of very strong interest to you, Chair, and the member for MacKillop. I imagine it would be of interest to even the member for Giles as well.

**The CHAIR:** Minister, I will just deal with the point of order. Is this publicly available information?

**The Hon. D.G. PISONI:** The information was made public. It is available for employers and apprentices to access on the website.

**The Hon. Z.L. BETTISON:** Chair, I think the answer is yes. There was a media release yesterday.

**The CHAIR:** The answer is yes. Thank you, minister. Member for Ramsay, next question, please.

**The Hon. Z.L. BETTISON:** I refer to the same budget paper, Budget Paper 5. You have this very ambitious commitment to create 20,800 new apprenticeships and traineeships over the next four years. Is this completions or commencements?

**The Hon. D.G. PISONI:** This is the number of apprentices and trainees in training.

**The Hon. Z.L. BETTISON:** What is your goal: for people to complete their traineeships and apprenticeships? Will they be included in your figures at the end?

**The Hon. D.G. PISONI:** Can I have that again, please?

**The Hon. Z.L. BETTISON:** My concern is about the non-completion rate and how you will carry that through your figures. You have this big figure of 20,800. When we look at the achievements over the four years, will you include people who have not completed their traineeship or apprenticeship?

**The Hon. D.G. PISONI:** I am advised that the figure refers to commencements. Obviously, it is always a challenge to ensure that, once an apprenticeship is started, it is completed. My understanding is that traineeships are shorter, so the number of completions is higher. There are particular sectors where the completion rate is higher, but we know that, generally, Group Training has a much higher completion rate. That happens because there is a very strong interest.

Many of those group training organisations are, in fact, industry focused. They have an interest in the industry. They have an interest in getting those skills through to completion. Consequently, they have a higher completion rate. We are offering more money to group training organisations to take on more apprentices. There is \$1,000 for every additional apprentice and a \$500 bonus for every additional trainee that they bring in to the group training area.

One of the reasons why Group Training is more successful is that an apprentice can be managed, particularly in a state like South Australia where there are a lot of small businesses. Sometimes, personalities pop up. It is very difficult for a small business to manage that. You cannot send an apprentice, who may have a difficulty with one of the staff members, into a corner. They have to be part of the entire team. Maybe that is the time for that apprentice to work with a group training organisation to find an alternative host employer, and Group Training are very good at that.

The other situation where Group Training helps in apprenticeships being completed is when a business might have an apprentice but they cease business for whatever reason; it could be due to retirement, not being paid for a large contract or going into receivership. Before Group Training became available, that apprentice would lose their job. Now that apprentice can be transferred to another host employer so they have continuous training.

What we are doing for those organisations or employers not using Group Training is that the department, again with its can-do attitude, is providing additional learner support services at no cost: one-on-one support for apprentices and trainees to help them stick with the course and successfully finish the qualification. Apprentices can also self-refer through the training provider or be referred to by their employer. We are being as flexible as we can; it is not a bureaucratic process. A referral can be made at any time during a training contract period for up to three months post training.

We are serious about offering all the support we possibly can in order to achieve higher completion rates in South Australia so that we can have those skills out in the marketplace ready for employers to employ. It is a new approach. We are now describing the Department for Industry and Skills as being very agile and ready to assist. We now have 100 applications through our expressions of interest program for bespoke programs being developed for either industry or individual businesses.

It is no secret that South Australia is a small state. We thought we would use that to our advantage and use our Public Service, our public sector, to move away from the one-size-fits-all approach that has failed apprenticeships for quite some time now and offer bespoke packages with those industries and businesses so that we can not only encourage employers to take on board apprentices and trainees but also support employers, apprentices and trainees in their roles.



**Dr HARVEY:** My question relates to Budget Paper 4, Volume 3, page 131. Can the minister advise the committee on how the government is helping South Australian businesses adopt new technology, with the potential to improve their productivity and global competitiveness?

**The Hon. D.G. PISONI:** Thank you, member for Newland, Dr Harvey. I know that technology and science are of very strong interest to you. It is very pleasing that our diversity in the parliament is increasing, with a Doctor of Philosophy in the house, particularly in the area of science. It is terrific to have you on the government's team.

The rapid advancement of several new areas of technology now means that they can be interconnected in ways never thought of before. This is driving a complete paradigm shift in the way that manufacturing and the wider industry work and create value. This fourth industrial revolution provides South Australian businesses with new opportunities to increase global competitiveness across multiple industry sectors.

We need to understand that we are very good at niche things in South Australia. When I was in business I was making a niche product, and we found quite a good market for that in Sydney. The beauty of niche manufacturing now is that the world is so much smaller: it is much easier to get those niche products out to the world. You only need several other niche markets in some of the big population centres and you then have a pretty big business bringing foreign currency into South Australia.

The South Australian Liberal government is directly engaged with local and national organisations that focus on assisting business to understand and integrate these emerging digital technologies to improve productivity and generate greater economic value. The first emerging technology interest group in robotics and automation being delivered through the Australian Industrial Transformation Institute within Flinders University is already connecting with businesses to recognise how intelligent robots can operate alongside production operators.

You see these things happening in South Australia, and then you get quite concerned when you read articles in *The Australian* about unions approaching the federal opposition leader and asking for regulation to slow the infiltration of artificial intelligence into industry. It would be a disaster for South Australia to have a policy on technology written by the AMWU—it would be an absolute disaster.

In addition, the Institute for Photonics and Advanced Sensing at the University of Adelaide together with the Innovative Manufacturing Cooperative Research Centre are assessing industry to understand how traditional machine parts can be redesigned and created using the latest metal 3D printing technology. Some examples of advanced sensing and 3D printing collaborations include novel temperature sensors, developed for deployment at the Nyrstar smelter at Port Pirie, that can withstand furnace temperatures, and 3D printed medical devices by a medical device company Autofix that can be fitted more easily by surgeons to help wrist fractures heal faster.

The Marshall Liberal government and the Department for Industry and Skills are engaging with industry to assist them to make the best of new technology and drive future growth, exports, employment and training opportunities here in South Australia.

**The CHAIR:** Member for Ramsay.

**The Hon. Z.L. BETTISON:** Thank you, Chair. Continuing with the same budget line, minister, if we have the joy of sitting across from each other in 2021, what will success be for you in regard to completions? We have been very clear about what are your commencements but, if we are in this space in 2021, what is your goal for completions?

**The Hon. D.G. PISONI:** We are committed to ensuring that South Australians are skilled for the opportunities that are coming South Australia's way through new technology and the commercialisation of research that we are seeing happening in our universities and elsewhere and, of course, through to the defence sector here in South Australia. I would like to see a South Australia that has more opportunities for young people so that they can stay in South Australia. I would like to see businesses have the ability to employ local South Australians, and those South Australians having the skills to do so.

It is a time of change, but managing that change will certainly be a test of industry, a test of government and a test of the education system. There is no doubt that when we get our flexible apprenticeships up and running, we will be talking to families when students are in years 9 and 10 about the pathway those students may wish to take in order to enter the workforce. If it is decided by the family that a vocational pathway, a trade, is the way that a student would like to enter the workforce—and I would certainly encourage that—they will be supported in years 10 and 11 to prepare for that vocational pathway or that apprenticeship. They will then be starting an apprenticeship in year 12, and they will do that full-time.

**The Hon. Z.L. BETTISON:** I was specific about my question.

**The Hon. D.G. PISONI:** They will be doing that full-time. So they will be getting an earlier start. They will also gain their high school certificate. Already we have precedents in SACE where vocational courses are allocated a SACE value. We will be seeing more of that happening with the apprenticeship, vocational, off-the-job training—the certificate I, II and III, for example—where they will be allocated a SACE value.

Rather than having the situation under the previous government, where completion rates for high school were hidden until just recently—and I thank the Minister for Education for making those figures publicly available—where we saw that the boast of the previous government that more and more students were finishing high school was not substantiated by the figures released by the education department, we will be giving the opportunity for more young people to enter the workforce, enter it earlier and still have their high school certificate and, if they wish to go on to university, they are prepared to do so.

I think it is fair to say that not everybody is ready to move to the next phase of their life or the next phase of their education at the same time, so we need to bear that in mind; our flexible apprenticeship program will certainly help address some of that, and we will see more opportunities for students to take up apprenticeships through that program.

**The Hon. Z.L. BETTISON:** In the same budget paper, it is my understanding that current non-completion rates are more than 35,000. Would it be reasonable to say that you would be expecting completion rates between 20,800 minus 35 per cent?

**The Hon. D.G. PISONI:** I think there is a figure in the budget papers that covers that. The target for 2018-19 in the budget papers, page 136, is the percentage of apprentices and trainees completing their training contract. The target for 2018-19 is 57 per cent.

**The Hon. Z.L. BETTISON:** Sorry, can you repeat that? That was completion rates of 57 per cent.

**The Hon. D.G. PISONI:** That is in the budget papers, yes.

**The Hon. Z.L. BETTISON:** Is the state government expected to reach a certain percentage of apprenticeships in order to keep your funding for Skilling South Australia? If so, what percentage is that?

**The Hon. D.G. PISONI:** Could we have that question again?

**The Hon. Z.L. BETTISON:** Is the state government expected to reach a certain percentage of apprenticeships in order to keep the funding for Skilling South Australia? Perhaps I could focus more on completions. Are you expected to have a certain number of completions under your agreement?

**The Hon. D.G. PISONI:** My understanding is that the focus with the Skilling Australia commitment is on commencements. There are targets, I understand. Those targets were achieved or negotiated through the signing of the agreement between South Australia and the commonwealth. I am advised that payments under the national partnerships are tied to the achievement of performance benchmarks based on the number of commencements.

If the national partnership targets are not met, this will reduce the funding that is available from the commonwealth in 2018-19. So you can see, member for Ramsay, that we are certainly under the pump. We were aware of the commitment that we needed to make in order to do this and to take this on. However, we know that it is important to focus on this role. Industry needs it and

South Australians need it. South Australians need the job opportunities and industry needs the skilled staff. So the performance benchmarks have been designed to enable the commonwealth to make payments in the 2018-19 financial year.

**The Hon. Z.L. BETTISON:** Minister, can you clarify the number of commencements under the Skilling South Australia agreement under the skilling program? What is that agreement with the commonwealth?

**The Hon. D.G. PISONI:** We will see whether we can find that for you; if not, we will bring that back to you.

**The Hon. Z.L. BETTISON:** Does this apply to both apprenticeships and traineeships? Does the agreement cover both?

**The Hon. D.G. PISONI:** Yes, it does.

**The Hon. Z.L. BETTISON:** How often are you required to report to the commonwealth?

**The Hon. D.G. PISONI:** Annually, I am advised.

**The Hon. Z.L. BETTISON:** Have any industry groups indicated they cannot find suitable applicants for existing traineeships?

**The Hon. D.G. PISONI:** Yes, we are seeing a mix of commentary from employers. For example, I was out at a very successful joinery firm a couple of weeks ago that has vacancies for apprentice cabinetmakers at the moment, and they are having difficulty finding suitable applicants for those positions. I was curious as to why that might be, and I asked, 'What are they being paid?' He said, 'Well, they're tradespeople. By the time they do a bit of overtime they can earn \$80,000 a year,' which is a significant amount of money for your labour compared with what a professional might earn.

Pharmacists who have done four years at university—unless they have their own pharmacy or if they are the pharmacist in charge of a pharmacy—will be lucky to earn \$70,000 a year. So tradespeople are getting a very good deal here in South Australia, and the challenge for the government is to make sure that parents, educators and, importantly, students understand that, because it is not for a lack of reward.

Unfortunately, we have had this situation that has evolved over the last 10 or 15 years, where educators and others, who I would argue are probably misinformed, point to vocational education as being suitable only for those who are not good enough for university, and it is not a very good signal to have out there. If I go back to my own experience, my brother, who is the assistant secretary of the CEPU, was an apprentice electrician. He was a maths 1 and 2 student at high school, as well as physics. He did year 12. He went on to do an apprenticeship, and I probably would suggest that students like that now are more likely to go to university. We need more of those students doing apprenticeships.

We also need to broaden the demographic of those students who are applying for apprenticeships. If I look at my own example, growing up in Salisbury, I did an apprenticeship in wood machining, and one of the apprentices who was a year ahead of me grew up in Millswood and went to St Peters College, so you can see the broad demographics of people who are in that vocational education. We are less likely to see that now, and that is because the influences on students over the years have talked down vocational education as being something you do when you cannot do something else, whereas it really should be about the opportunities that vocational education will deliver for you over your lifetime. The Minister for Agriculture is a fitter and turner, the member for MacKillop is a fitter and turner—

**The Hon. Z.L. BETTISON:** Chair, while I may concur with the minister about the importance of vocational education, we have actually heard this before this morning.

**The Hon. D.G. PISONI:** You cannot repeat the message enough; it is not getting through, Mr Chair.

**The CHAIR:** It is getting through today, minister. Thank you for your response. Member for Ramsay.

**The Hon. Z.L. BETTISON:** Can I go back? Do you have that figure for what our agreement is with the commonwealth for commencements?

**The Hon. D.G. PISONI:** Yes, we will bring that back to you. We cannot do that for you right now.

**The Hon. Z.L. BETTISON:** This is obviously incredibly important. They are a key partner in this. I am a little surprised that we do not have that figure, but you will take it on notice. What is in the budget for programs to upskill people and make them job ready to undertake apprenticeships?

**The Hon. D.G. PISONI:** Can I have that again, sorry?

**The Hon. Z.L. BETTISON:** What is in the budget to support people to upskill and make sure they are ready to undertake apprenticeships?

**The Hon. D.G. PISONI:** There is \$202.6 million that is being spent—

**The Hon. Z.L. BETTISON:** Can you detail the program?

**The Hon. D.G. PISONI:** There are a number of initiatives but, as I said earlier, at the risk of being called to order for repeating myself, we are designing bespoke programs for—

**The Hon. Z.L. BETTISON:** Could you detail those programs more clearly?

**The Hon. D.G. PISONI:** They are bespoke programs. There are 100 of them that we are doing at the moment. I do not have that information. It may very well be that those who are participating in that program might not want it to be public information.

**The Hon. Z.L. BETTISON:** Perhaps you could detail how much of your budget will be put towards these bespoke programs to make people ready.

**The Hon. D.G. PISONI:** Unlike the previous government, we have not set up a whole lot of buckets and said, 'Only for this particular item can that bucket be used and only for this particular item can that bucket be'—

**The Hon. Z.L. BETTISON:** So you are not being transparent about your support for this group?

**The Hon. D.G. PISONI:** No, we are being very transparent. Unfortunately, under the previous government, when buckets were poorly labelled and there was no use or demand for that bucket of money, it was used for something else, and that is hardly a transparent process. Of course, that was because those buckets were designed by ministers and bureaucrats rather than by industry. What we are doing is designing programs with industry to do that.

We have pre-apprenticeships as part of the agreement with the federal government. I spoke earlier to you about our flexible apprenticeship program. There is also the Subsidised Training List. That is still available and many of those subsidised courses are available without the need for a contract of training. Of course, the federal government is also offering to reskill workers who are moving from one industry to another. They are also offering funding programs, so it is an area that is very well covered.

Key elements of the Skilling South Australia initiative that were announced on 7 September— I can refer you to the public document or I can give them to you now.

**The Hon. Z.L. BETTISON:** I am curious that you have cancelled all these employment programs, yet this is still a key issue for us to make sure that people are actually ready to be part of apprenticeships and traineeships. I realise you have a new plan for people to start apprenticeships in high school. That is something that is important to you. I am keen to understand what there is going to be for South Australians, at different ages, to be supported into apprenticeships and traineeships? Say, for example, someone at the age of 25 is keen to undertake an apprenticeship. Will you be supporting them through these programs?

**The Hon. D.G. PISONI:** One of the problems that employers and group training organisations have identified with apprenticeships for anybody over the age of 21 is that the Gillard government, I think it was, through Fair Work Australia forced an adult apprenticeship salary. Many

employers are saying that has been an enormous barrier. They would prefer to have adult apprentices but, because they need to pay adult salaries for people who are not skilled to do trade work, it is usually only the big employers that take them on.

That is very challenging to address. If the state government were to subsidise adult wages, it would quickly burn up that \$202.6 million and we would not be able to achieve the target we aim to achieve. I spoke earlier about programs that are being federally funded, so I refer you to my previous answer. None of these programs were delivered by government; they were delivered by not-for-profit organisations. Some of them were for-profit organisations—

**The Hon. Z.L. BETTISON:** Funded through government.

**The Hon. D.G. PISONI:** But they were not delivered by government. The funding is still there. The only difference is that the funding is now available from the federal government. We are not in the business of handing over money just so that we can be in a photograph for *The Advertiser* or so we can do a news grab on the radio, but the money—

**The Hon. Z.L. BETTISON:** Minister, I actually think that it is pretty insulting to the not-for-profits that ran these programs.

**The Hon. D.G. PISONI:** The money—

**The Hon. Z.L. BETTISON:** Do you think that is why they did it? So they could be in a photo?

**The CHAIR:** Order!

**The Hon. D.G. PISONI:** No, this is why you did it when there was federal money available to do so. This is why the Labor government did it. The Labor government was more focused on delivering an illusion of action rather than delivering action itself. What we are doing is acting—

**The Hon. Z.L. BETTISON:** I think that is quite insulting to the people who delivered—are you saying that to Bedford Industries?

**The Hon. D.G. PISONI:** No, I am saying that—

**The Hon. Z.L. BETTISON:** Are you saying that to Disability Works Australia, who delivered these Jobs First programs?

**The Hon. D.G. PISONI:** No, I am saying that to you. They are available—

**The CHAIR:** Order! Minister, can you wind up your response to that question and we will then go to the next question. I understand that the member for Newland has a further question.

**Dr HARVEY:** Thank you, Chair. My question relates to Budget Paper 1, page 4. Can the minister advise the committee on what the issues are with picking winners in industry and business?

**The Hon. D.G. PISONI:** Thank you, member for Newland, for your important question. Picking winners in business for taxpayer-funded support artificially advantages one firm over another. It also identifies that there are cost barriers to doing business in South Australia. We are more interested in removing those cost barriers. If we continued on the path of the previous government, deciding which businesses could have their barriers removed, we would have a situation where we would not reduce the cost of doing business in South Australia for all businesses.

We are shifting the emphasis. The government is not always best placed to pick the best firms to support. This can result in perverse outcomes, such as potentially sustaining and artificially reducing the costs of non-competitive firms and making it harder for competitive firms to compete. There are several issues with governments picking winners, as it can also result in displacement of existing businesses because a new firm enters the market with the backing of government cash, in direct competition with an existing South Australian business. We have seen that happen on a number of occasions.

The prevalence of direct financial assistance to individual firms has led to a culture of expectation and a reliance on financial support from government. It is a culture that needs to change. It is a culture that forces businesses to pay more tax in order to fund this method. As I detailed in my opening remarks, we are focused on reducing the cost of business for all businesses. It also

encourages political pet projects, often without clear milestones and outcomes and often even against the advice of departments for that money to be given away. It does not maximise the benefit to taxpayers of funding initiatives that would have gone ahead anyway, and we have seen examples of those, resulting in private benefits but no additional benefit to the state.

The Marshall Liberal government is addressing this situation by agreeing to a new industry assistance framework that recognises that it is not the role of government to pick winners but, rather, to ensure that any assistance to industry should provide maximum benefit to the state. There will be some instances where direct financial assistance is warranted to promote sustainable economic growth. This benefit cannot be captured in a single business alone but by broadening the basis of the South Australian economy, reducing the cost of doing business and introducing significant new technologies, capabilities, capacities and enterprise in the state.

To put it into very simple terms, the previous government's model was handing money over to a chosen business, and that business would then be able to use that money to knock the hurdle down that was in their way to doing business here in South Australia. It is the same hurdle that is in the way of every business here in South Australia. Unfortunately, in order for the government to find that money, they have to raise the hurdle of every other business by a couple of inches, so you can see that that is simply not a sustainable business model.

We know that there is research around the world that will tell you that major jobs growth comes from existing businesses in your region and new businesses that start up, not from businesses that are granted an enormous amount of taxpayers' money to relocate or to open a branch in a region. We are focusing on reducing the costs of doing business here in South Australia by removing those barriers, if you like, and lowering those hurdles for all businesses, rather than a bunch of politicians and bureaucrats deciding how the market is going to play and which businesses will be successful and which businesses will not. We are not qualified to do that: the private sector is.

Those businesses that have skin in the game and put their own money into investing here in South Australia are the ones that will decide where their businesses will go. It is our role to get out of the way and make sure that we facilitate a business environment that enables them to do so.

**The Hon. Z.L. BETTISON:** To continue the question from the member for Newland, are there any programs in your portfolio that provide grants to individual organisations?

**The Hon. D.G. PISONI:** There is one that we are actually in dispute over at the moment. I have been advised that over the last 13 years the former South Australian government has paid the Australian Manufacturing Workers' Union \$2.21 million in grants since the 2008-09 financial year.

**The Hon. Z.L. BETTISON:** Chair, this is not my question. My question is about—

**The Hon. D.G. PISONI:** No, this is a direct benefit—

**The Hon. Z.L. BETTISON:** —the current industry and skills department.

**The Hon. D.G. PISONI:** This is a direct benefit—

**The CHAIR:** A moment please, minister. I did not quite hear your question, I must admit, member for Ramsay. Could you repeat that, please.

**The Hon. Z.L. BETTISON:** In the current Department for Industry and Skills, do you have a program of funding for individual organisations or businesses?

**The Hon. D.G. PISONI:** This is one that we are dealing with at the moment. In 2008-09, the AMWU was paid \$0.89 million—

**The Hon. Z.L. BETTISON:** You are talking about 11 years ago, minister.

**The Hon. D.G. PISONI:** No, they are actually still on the payroll now. They still have their hand out for government money now. There is still a contract that is in operation at the moment, a contract set up by your government. There was \$0.89 million for a project officer to liaise with Mitsubishi Motors, General Motors Holden and stakeholders to support workforce activities for retrenched individuals.

In addition, between 2005 and 2006, and 2017 and 2018, the AMWU was paid \$1.32 million under the union development program to enable unions and other stakeholders to participate in the state's economic development—and that was \$0.56 million—and employ a research officer to provide biannual reports on the state's economy, identify industry growth and employment opportunity markets and support representations on the Automotive Transformation Taskforce, and that was \$0.76 million.

Upon review of this program, the incoming Liberal government concluded that the reports failed to offer any meaningful insights into policy recommendations. There are a whole lot of reports and contracts here over the last 13-odd years with the previous government. Over that same period, incidentally, the AMWU donated \$300,000 to the Labor Party.

**The Hon. Z.L. BETTISON:** You are the minister now. This is about your grants going forward.

**The Hon. D.G. PISONI:** Donated \$300,000 to the Labor Party.

**The Hon. Z.L. BETTISON:** Why are we talking about 13 years ago?

**The Hon. D.G. PISONI:** I put it to you, Chair, that without this taxpayers' money they would not have had that \$300,000 to give to the Labor Party election campaigns.

**Mr BROWN:** Point of order: I ask the minister to withdraw that comment.

**The CHAIR:** There has been a point of order raised, minister. The member for Playford is asking you to withdraw that comment.

**Mr BROWN:** Your comment that there was a corrupt bargain between the Labor Party and the AMWU.

**The Hon. D.G. PISONI:** I did not use the word 'corrupt'.

**Mr BROWN:** You just said that there was no way they would have made a donation without that money from the state government.

**The Hon. D.G. PISONI:** No, I did not say that. I said, 'I would suggest.'

**Mr BROWN:** Have courage! Make an allegation, if you want to.

**The Hon. D.G. PISONI:** On that basis, if that has offended—

**The CHAIR:** Minister, I suggest that you do withdraw that comment. For the importance of this committee continuing in a good state, I think it would be wise to withdraw that comment.

**The Hon. D.G. PISONI:** I withdraw that comment if it has offended the person who was responsible for the Put Your Family First campaign in the—

**Mr BROWN:** Point of order again, Chair: you just asked him to withdraw!

**The CHAIR:** As Chair, minister, I will ask you to withdraw the most recent comment.

**The Hon. D.G. PISONI:** I withdraw, sir.

**The CHAIR:** Thank you. Questions.

**The Hon. D.G. PISONI:** I have not finished my answer, sir.

**The CHAIR:** Continue, minister.

**The Hon. D.G. PISONI:** Upon review of the program, we discovered that promised recommendations to support the automotive or manufacturing sectors were simply thin. The identification of market-grown opportunities were not there, nor were mechanisms to support job growth within these sectors. We can certainly see from the poor training results I referred to earlier in this session that they certainly were not successful in improving those outcomes.

The new government has moved to stop all payments under this program in August this year and the government has also instructed the AMWU to engage a registered company auditor to conduct an audit of the financial accounts relating to all funding provided.

**The Hon. Z.L. BETTISON:** Minister, you have no other programs that will deliver grants to businesses?

**The Hon. D.G. PISONI:** There are three funds. One of them is the responsibility of the Treasurer. A new industry assistance framework was launched in the state budget and includes a \$100 million Economic and Business Growth Fund over the forward estimates and that is administered by the Treasurer. The Research, Commercialisation and Start-Up Fund, which I administer, is \$27.9 million over four years. There is a \$60 million Regional Growth Fund to be delivered over the next four years.

**The Hon. Z.L. BETTISON:** Are you the lead minister for the commercialisation fund?

**The Hon. D.G. PISONI:** Sorry?

**The Hon. Z.L. BETTISON:** Are you the lead minister for the one which is the start-up?

**The Hon. D.G. PISONI:** Yes.

**The Hon. Z.L. BETTISON:** Who will decide who gets those funds?

**The Hon. D.G. PISONI:** There is a process. There will be a panel that will make those decisions. Very much like those sorts of decisions that come from the departments—

**The Hon. Z.L. BETTISON:** So there will be some winners picked through you as the lead minister? You will pick some individual businesses to win these funds?

**The Hon. D.G. PISONI:** A panel process will be set up. This is part of our hub that we are establishing at the old Royal Adelaide Hospital site, now named Lot Fourteen. It will be the largest entrepreneurial hub in Australia. We have about 23,000 square metres, and we will have 650 start-up desks in that space. As I said earlier, expressions of interest for tenants will be closing next week in order to deliver that outcome. What I can tell you is that the Research, Commercialisation and Start-Up Fund will not be handing over money to people like Elon Musk or other—

**The Hon. Z.L. BETTISON:** He is not entitled to that fund?

**The Hon. D.G. PISONI:** No.

**The Hon. Z.L. BETTISON:** Are you ruling out people who can apply?

**The Hon. D.G. PISONI:** I can tell you now that Elon Musk will not be getting any money from this fund.

**The Hon. Z.L. BETTISON:** Who else cannot get money? Do you have a long list of people you have ruled out who cannot apply for this money?

**The Hon. D.G. PISONI:** There are requirements that will be met. This is aimed at start-ups, local researchers, local businesses and local entrepreneurs so that they can actually start businesses here in South Australia and can commercialise their research. One of the things that universities in Australia have been late to do is commercialise their research. We are very good at the research, but often we lose the ability for it to be commercialised here in South Australia.

This fund is designed to enable the research to receive some funding in order for it to establish itself here in South Australia and actually generate income. We expect that foreign income will come in from the investments that are made in these funds—

**The Hon. Z.L. BETTISON:** So you are not ruling out foreign investment?

**The Hon. D.G. PISONI:** What I am saying is that it would be very irresponsible for any government not to support research. We have a situation where technology and research—and I am sure the member for Newland would support these comments—are the way forward for continuing to improve opportunities and standards of living in South Australia.

**The Hon. Z.L. BETTISON:** Yes, we are very proud of the biomedical precinct we built.

**The Hon. D.G. PISONI:** It is extraordinary that the member for Ramsay is concerned about the government providing money for research here in South Australia. Of course, that research is



only as good as the outcomes it can deliver, and we want those outcomes to benefit South Australians.

We do not have any problem with establishing those commercialisation projects here in South Australia and bringing in partners to Australia from overseas. South Australia benefited enormously from the foreign investment from General Motors and William Holden to set up the Holden plant here and throughout Australia. There is nothing wrong with foreign investment.

**The Hon. Z.L. BETTISON:** Will you be picking the winners of this fund?

**The Hon. D.G. PISONI:** We have the member for Ramsay now concerned that the government is funding research. It is just extraordinary; it is an extraordinary situation.

**The Hon. Z.L. BETTISON:** You just spent time saying that we picked winners in government, yet you have a fund for which there will be winners and losers and for which you are the lead minister. There will be winners that you pick, won't there?

**The Hon. D.G. PISONI:** The decisions will not be made by public servants; they will be made by the Chief Scientist—

**The Hon. Z.L. BETTISON:** So you are going to make it?

**The Hon. D.G. PISONI:** No, I am about to tell you: the Chief Scientist will be part of the process.

**The Hon. Z.L. BETTISON:** She is part of it. Who else?

**The CHAIR:** Member for Ramsay, you have asked your question and the minister is answering. Continue, minister.

**The Hon. D.G. PISONI:** Those who are in particular institutions or who are in particular industries that have no connection with the application will also be part of the decision-making process. We also expect that there will be skin in the game from those who will be participating in the process.

Let me make this absolutely clear: this is not a fund for encouraging established businesses to come to South Australia. They will not be able to apply through this fund. Westpac will not be able to apply to this fund just to have a call centre, for example. This fund will not be able to be used by a company that is already well established to branch out into another area or expand interstate or overseas. That is not what this fund is for. This fund is for South Australian researchers who want South Australia to remain their home and who want to commercialise their research.

This fund is also for young entrepreneurs, people who have an idea or a business plan or product that they want to commercialise. They will have the full support, of course, of the Chief Entrepreneur and the Office of the Chief Entrepreneur. It will be done in a very cost-effective manner. The government is making substantial savings by winding down TechInSA and transferring those responsibilities for commercialisation and start-up help to the Office of the Chief Entrepreneur. Those savings will be converted into real outcomes.

**The Hon. Z.L. BETTISON:** I will move on to Budget Paper 2, pages 9 and 10. I want to talk about the Retrenched Workers Program. Were any funds from this program committed to the transition services for workers at Castalloy?

**The Hon. D.G. PISONI:** That has been out in the media. I refer to media statements on that comment.

**The Hon. Z.L. BETTISON:** Are you saying that there is no support in this budget for the retrenched workers of the Castalloy factory?

**The Hon. D.G. PISONI:** I refer to the media that the member for Ramsay objects to being raised in this forum. I want to be consistent. That information is out in the media.

**The Hon. Z.L. BETTISON:** Given that the majority of workers retrenched from Castalloy will not be undertaking apprenticeships or traineeships, what assistance are you going to make available to retrenched workers as a result of this budget?

**The Hon. D.G. PISONI:** I refer to the public comments that were made in the media.

**The Hon. Z.L. BETTISON:** So you are just abdicating everything to the commonwealth? Do you not have a responsibility for South Australian retrenched workers?

**The Hon. D.G. PISONI:** I refer to the comments that were made in the media.

**The Hon. Z.L. BETTISON:** Has government funding been provided to Thomas Foods since a fire destroyed much of its Murray Bridge premises?

**The Hon. D.G. PISONI:** That is a question you will need to ask minister Whetstone.

**The Hon. Z.L. BETTISON:** You did not fund Thomas Foods from the Retrenched Workers Program?

**The Hon. D.G. PISONI:** That is a question you will need to ask minister Whetstone.

**The Hon. Z.L. BETTISON:** Does the state government currently fund a bus service for Thomas Foods workers to get to the Adelaide Hills plant from Murray Bridge?

**The Hon. D.G. PISONI:** That is a question you will need to ask minister Whetstone.

**The Hon. Z.L. BETTISON:** So you do not fund that program? You have never funded a program for Thomas Foods?

**The Hon. D.G. PISONI:** The funding has actually ceased.

**The Hon. Z.L. BETTISON:** So you did fund them previously?

**The Hon. D.G. PISONI:** For details about that funding arrangement, you will need to speak to minister Whetstone. You had an opportunity.

**The Hon. Z.L. BETTISON:** So your department, Industry and Skills, did not provide any support for those impacted workers?

**The Hon. D.G. PISONI:** Any questions about support for Thomas Foods will need to be asked of minister Whetstone.

**The Hon. Z.L. BETTISON:** Do you have anything further to add, minister?

**The Hon. D.G. PISONI:** No.

**The Hon. Z.L. BETTISON:** I turn to Budget Paper 4, Volume 3, page 134. How much has been allocated to Adult Community Education for this financial year?

**The Hon. D.G. PISONI:** The South Australian government continues to support foundation skills through both vocational training and Adult Community Education. Foundation skills include literacy, numeracy, digital literacy and employability skills. Students are not charged a fee to study foundation skills under the subsidised training list, with the study done alongside their formal qualification. The Adult Community Education Program assists participants to develop the foundation skills that will transition them to further education, VET, apprenticeships, traineeships and employment. Additional funding of \$1.6 million was allocated for the period from 2017-18 through to 2020-21 to deliver the ACE Program. We have the revised budget as of 30 June 2018. We have an operating expenditure of \$4.171 million for 2018-19.

**The Hon. Z.L. BETTISON:** Can you elaborate on how many people access Adult Community Education each year?

**The Hon. D.G. PISONI:** That is a number we will need to bring back.

**The Hon. Z.L. BETTISON:** Last year, the previous government allocated, on top of the annual funding, additional money for ACE in the 2018-19, 2019-20 and 2020-21 financial years. Is the Liberal government honouring this funding commitment?

**The Hon. D.G. PISONI:** That funding was maintained.

**The Hon. Z.L. BETTISON:** I refer to Budget Paper 5, page 98. Was any funding allocated to the University of the Third Age in this budget and, if so, how much?

**The Hon. D.G. PISONI:** I refer to an earlier answer to that question.

**The Hon. Z.L. BETTISON:** Was there any consultation with the University of the Third Age about this cut?

**The Hon. D.G. PISONI:** My understanding is that the funding was due to cease, and that is what happened.

**The Hon. Z.L. BETTISON:** Did they seek to meet with you, minister?

**The Hon. D.G. PISONI:** I certainly am not aware of any approach.

**The Hon. Z.L. BETTISON:** Can you check your objective system to see whether they did approach you? That is obviously a huge cut. I am sure that they would have approached you about their concerns.

**The Hon. D.G. PISONI:** I will have a look at my records, and if I feel I need to bring it back I will.

**The Hon. Z.L. BETTISON:** I refer to Agency Statements, Budget Paper 4, Volume 3, page 134. You state that you will establish industry skills councils in eight industry sectors to 'provide a strengthened voice for industry in skills and workforce development'. Can you list each of the eight industry skills councils that will be established?

**The Hon. D.G. PISONI:** We have been meeting with the particular industries over the last probably close to four months now, and we are getting to the stage where we are finalising those groups. We have not come to a landing on exactly what those groups will be because the process has moved around as we have engaged in consultation with the sectors.

Some of the groups that were put together to meet, for example, felt that they probably did not have enough in common to be in the same industry group, so we realigned them with other groups. That process has nearly finished, which means that I am not really in a position to give you the full list yet, but I am sure you will see a press release when it is confirmed.

**The Hon. Z.L. BETTISON:** Can you talk me through your concerns about how industry and skills have been supported in the past and where you think that you will go with this? You have obviously identified eight, but how will you interact with the councils and how will they report to you, etc.?

**The Hon. D.G. PISONI:** The reporting mechanism is quite simple: each of those eight councils will have representatives on the Training and Skills Commission and each of those councils will be supported by the department for their secretarial work. That is why it is important that we have the right groups together and a connection right down to the smallest of businesses in those industries.

It is fair to say that at the first few meetings people were concerned about change, but now the department has been working very closely with individual groups and has put a lot of resources into making sure that everybody had their say and that the consultation was true consultation, not just going through the motions. It was consultation that went back to the minister's—

**The Hon. Z.L. BETTISON:** Perhaps you could detail that consultation process and the budget supporting it.

**The Hon. D.G. PISONI:** We started with round tables in the consultation process. I was able to attend a number of them, and certainly the openings, and to meet and welcome a number of participants. I also started the process with a regional tour. I was in Port Lincoln with the member for Flinders and met with some business bodies. We then went to Whyalla and Port Augusta and down to Mount Gambier. We also went to Kangaroo Island. There certainly was a common theme that people were concerned about the availability of skills. The regions wanted more opportunities for their young people within the regions, and they saw that a key to doing that was having a flexible approach to training. We had some very positive feedback.

Many of the people from those organisations and businesses I met on those tours also participate in round tables. The roundtable process went for a couple of months. We are now working

with the data and the feedback that we received from those round tables to finalise the make-up of those industry skills councils, which we think will probably comprise seven to nine members. We are still not fixed on a number yet and are still consulting on that.

There will be a chair of those industry skills councils. There will be a representative, not necessarily the chair, who will sit on the Training and Skills Commission. The make-up of the Training and Skills Commission will not change; there will still be 11 members. The interim Training and Skills Commission, which is a smaller commission, has been helping to facilitate this, along with the work done by John King and his department. There has been an effort of cooperation between the Training and Skills Commission and the department. We will be very pleased to be able to announce the outcome of all that work very soon.

**The Hon. Z.L. BETTISON:** Were trade unions invited to participate in the round tables?

**The Hon. D.G. PISONI:** I understand that there have been discussions with unions, but we can get back to you with those that were spoken to.

**The Hon. Z.L. BETTISON:** Did people self-nominate to be on the councils? How did you decide who came along to the round tables?

**The Hon. D.G. PISONI:** It was based on advice from the department, which obviously has a longstanding relationship with industry in the skills area. There were open processes. Those who wanted to be involved were certainly welcome to make an approach. As far as I understand, no-one was refused to participate in the process.

**The CHAIR:** The member for King has a question.

**Ms LUETHEN:** I refer to Budget Paper 4, Volume 3, page 134. What is the Marshall Liberal government doing to reduce the red tape getting in the way of businesses trying to employ apprentices and trainees? It is something that has certainly been raised with me in the electorate of King.

**The Hon. D.G. PISONI:** Thank you to the member for King. I certainly concur with the feedback that she has received from businesses in her electorate, because it is a bureaucratic barrier for a number of employers, particularly those that are very small and those considering taking on an apprentice or a trainee for the first time.

The Marshall Liberal government is cutting red tape and streamlining access to government services where possible. Across the training system, we are fixing blockages and rebuilding key elements of the system to make it work better. We have commenced a review of the Training and Skills Development Act to identify legislative changes that can make it easy to employ apprentices and to revitalise the Training and Skills Commission. Both these steps were key election commitments.

The review of the Training and Skills Development Act 2008 will build on extensive industry engagement we have undertaken to guide our revitalisation of the Training and Skills Commission as well as the establishment of industry skills councils. In the commission's 'Future-proofing the South Australian apprenticeship and traineeship system' discussion paper, we are streamlining employment registration to ensure the process of employing apprentices is as simple as possible. This supports our key goal of boosting apprenticeship and traineeship commencements in South Australia.

Through our partnership with the commonwealth as part of Skilling South Australia, we are developing an extra 20,800 apprentices over the next four years, that is, 20,800 additional South Australians in a career path directly connected to their training. We have also simplified the registration system by allowing companies to register online.

As many of you will be aware, my department operates under delegation from the Training and Skills Commission to regulate and administer most aspects of the apprenticeship system. This includes assessing the employer's suitability to be registered to employ and to train apprentices and trainees in accordance with the Training and Skills Development Act 2008. The online registration system will reduce red tape and allow my department to focus on compliance monitoring and get on with the business of implementing skilling priorities.

The member for King may be interested in the statistic that I have been advised, that is, that of those businesses that apply to take on an apprentice or trainee 97 per cent get through the process, so it certainly justifies the streamlining of the system. The system will reduce the waiting times for approvals. On average, it takes the department 22 days to finalise new employer applications and 28 days to finalise renewed applications.

Currently, the main cause of delay is wait times for departmental staff to visit employers as part of the assessment process, delays in employer responses to contact department staff and employers not providing all the information required on the application. The digital registration system and a risk-based approach to assessing applications will reduce process times by at least 50 per cent, maintaining the integrity of the South Australian Employer Registration system.

In developing the Skilling South Australia initiative, we are ensuring that employers can easily access the training system. Vocational education covers a huge range of occupations across industry sectors. VET offers South Australians opportunities to upskill and to specialise, to train and to retrain to meet the fast-changing needs of industry and gain the skills necessary for the careers of the future in areas like defence, cybersecurity and the digital economy.

The opportunities and experiences available to people through vocational education traineeships and apprenticeships will be at the centre of the campaign to highlight our Skilling South Australia initiative. We will make sure that people know the real pathways to careers on offer through VET, and we will be making it easier for employers to employ the skilled people they need to grow their businesses. The training system will be simpler, more accessible and more responsive to the needs of industry and employers, and we will restore trust and quality to the system.

We will rebuild confidence in the training system, and the Marshall Liberal government will engage with and respond to industry and employers. We will ensure that training services are accessible and that they are doing the job effectively for the workforce. You will be pleased, member for King, to know that, as part of the opportunities that we are expressing to young people in particular, a lot of the material produced by the department features women apprentices as well because we are very serious about expanding those opportunities for women in the workforce.

**The Hon. Z.L. BETTISON:** Minister, I refer to Budget Paper 2, pages 9 and 10. Have you killed off the Northern Economic Plan?

**The Hon. D.G. PISONI:** I am advised that the Northern Economic Plan was launched in January 2016. At that time, it was a response by the previous government to the closure of the Holden manufacturing plant. I recognise the significant impact the closure of a major industry has on a region like northern Adelaide, and I acknowledge the importance of maintaining a positive business and social environment to create employment opportunities. Of course, we are very pleased to hear the numerous reports through Business SA and the NAB report about the increase in business confidence here in South Australia.

The government is committed to creating a competitive, dynamic economy that provides new job opportunities, fosters entrepreneurship and strengthens the future of our state. Considering all of this, it is appropriate that the ongoing implementation of the Northern Economic Plan be subject to review, along with other programs and initiatives of the former government. We are listening to the affected councils, businesses and industries about what is needed now and how we can best respond to the needs of the business community.

I think it is important that the program is subject to a review. According to conversations I have had with researchers who have been modelling the employment outcomes of the Holden closure, there has been quite a bit of success in relocating those workers into other industries or transitioning voluntary retirements from Holden. It is time now to review that, and that is what the government is doing.

**The Hon. Z.L. BETTISON:** Minister, when did you tell the Mayor of Salisbury, Gillian Aldridge, that you are not continuing with the Northern Economic Plan? Did you meet with her? Did you speak with her about this?

**The Hon. D.G. PISONI:** I have been out at a number of events with businesses about what the government is planning for the north, and it has been met very enthusiastically, I have to say. A

number of businesses in the north have been quite frustrated about the previous government's picking winners program, paying interstate companies to come in and compete with them. They are also very excited about what we are doing with apprentices and trainees. It is an area that I have a very strong connection to: I grew up in Salisbury and I was born at the Lyell McEwin Hospital. Unfortunately, my silver spoon was left on the bedside cabinet and—

**The Hon. Z.L. BETTISON:** So, minister, you actually have not met with the Mayor of Salisbury to explain to her—

**The Hon. D.G. PISONI:** I have not finished my answer.

**The Hon. Z.L. BETTISON:** —that you have killed off the Northern Economic Plan—

**The Hon. D.G. PISONI:** I have not finished my answer, Mr Chair.

**The Hon. Z.L. BETTISON:** —that it is done, that you think the job is done now.

**The Hon. D.G. PISONI:** I have not finished my answer.

**The CHAIR:** Continue, minister.

**The Hon. D.G. PISONI:** We know that under the previous government—

**The Hon. Z.L. BETTISON:** So you have abandoned the people of Salisbury, Port Adelaide and Elizabeth?

**The Hon. D.G. PISONI:** If I can just finish my answer.

**The CHAIR:** Member for Ramsay, that was not your question. The minister is responding to your initial question.

**The Hon. D.G. PISONI:** The government is committed to employment growth in the northern suburbs, it is committed to employment growth in the western suburbs, it is committed to employment growth—

**The Hon. Z.L. BETTISON:** You have decided, though, that the north does not need extra help anymore? You think it is done?

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

**The Hon. D.G. PISONI:** I am advised that the advice provided by chief executives of the three councils involved in the Northern Economic Plan is that the resources be directed towards key projects that align with the government's policies and priorities. That advice tells me that it is time to review the Northern Economic Plan. I think we need to look at the record of a government that makes announcements for the headline before things happen and then does not follow through to deliver. Over the last four years of the previous government, South Australia had the highest or second highest unemployment rate for three of the last four years in the nation.

**The Hon. Z.L. BETTISON:** I am talking about the Northern Economic Plan that you have now finished.

**The Hon. D.G. PISONI:** I have answered the question.

**The Hon. Z.L. BETTISON:** So it is dead?

**The CHAIR:** Member for Ramsay—

**The Hon. D.G. PISONI:** I have answered the question.

**The Hon. Z.L. BETTISON:** It is dead?

**The Hon. D.G. PISONI:** I have answered the question.

**The CHAIR:** Order! Member for Ramsay, you have time for one more question and the minister—

**The Hon. Z.L. BETTISON:** I have some omnibus questions I need to read.

**The CHAIR:** We probably do not have time now. We can read them any time during the day prior to afternoon tea, I think. You can have one last question if you would like and the minister will give a quick response.

**The Hon. Z.L. BETTISON:** Minister, given that we still have unemployment concerns in the north, what will be the significant projects that you are going to support? You have decided that the Northern Economic Plan is dead. You are going to back some small projects. What will they be? What are they?

**The Hon. D.G. PISONI:** There is a lot of industry in the northern suburbs, so that will have a strong focus on the government's economic plan. The emphasis on reducing the cost of doing business here in South Australia will be—

**The Hon. Z.L. BETTISON:** I am asking about specific projects that you have talked about that the CEs of these councils said that they want you to support. What are those projects?

**The Hon. D.G. PISONI:** I am trying to answer the question, Chair—

**The Hon. Z.L. BETTISON:** You are not answering the question.

**The Hon. D.G. PISONI:** —and I am being interrupted by the member for Ramsay, unfortunately.

**The CHAIR:** Continue. You have 30 seconds, minister.

**The Hon. D.G. PISONI:** The member has asked for specific details—

**The Hon. Z.L. BETTISON:** Minister, I do not think you know what these projects are. I think that the Northern Economic Plan is dead and that you do not know what is replacing it.

**The CHAIR:** Member for Ramsay, this session is coming to an end. You have 20 seconds, minister.

**The Hon. D.G. PISONI:** Because the member has asked for some specific details, we will need to bring those back to the member. I do not have access to any specific details at the moment.

**The CHAIR:** Thank you, minister. Given that it is now 11.30, in accordance with the agreed timetable the committee stands suspended until 11.45.

*Sitting suspended from 11:30 to 11:45.*

#### **Membership:**

Hon. A. Koutsantonis substituted for Mr Hughes.

Ms Cook substituted for Mr Brown.

#### **Departmental Advisers:**

Mr M. Duffy, Chief Executive, Department for Industry and Skills.

Mr J. King, Executive Director, Skills and Employment, Department for Industry and Skills.

Ms P. Chau, Executive Director, Strategy and Business Services, Department for Industry and Skills.

Mr A. Reid, Executive Director, Industry, Innovation, Science and Small Business, Department for Industry and Skills.

Mr M. Smith, Acting Director, Finance, Department for Industry and Skills.

Mr M. McKay, Principal Analyst, Skills and Employment, Department for Industry and Skills.

**The CHAIR:** Welcome back to the sitting of Estimates Committee A. For the next hour, we will be discussing the Department for Industry and Skills—Employment. Minister, would you like to make a brief opening statement and introduce your advisers.

**The Hon. D.G. PISONI:** I will introduce my advisers, Mr Chair. On my right is John King, Executive Director of Skills and Employment in the Department for Industry and Skills. On my immediate left is Mark Duffy, Chief Executive of the Department for Industry and Skills, and on his left is Phuong Chau, Executive Director of Strategy and Business Services in the Department for Industry and Skills.

**The CHAIR:** Thank you, minister. Before we go any further, I should advise that the member for Giles has been replaced by the member for West Torrens and the member for Playford has been replaced by the member for Hurtle Vale. Minister, are you planning to make an opening statement?

**The Hon. D.G. PISONI:** No.

**The CHAIR:** Lead speaker for the opposition, do you wish to make an opening statement?

**The Hon. A. KOUTSANTONIS:** No, thank you.

**The CHAIR:** In that case, I invite questions. Member for West Torrens.

**The Hon. A. KOUTSANTONIS:** Minister, I refer to Budget Paper 4, Volume 3, page 127, ministerial office resources. You said earlier in the committee that you were not aware of any correspondence from the shadow minister for industry and skills seeking a briefing from the department. The opposition has a letter dated 31 July, which was sent to your office and addressed to you, seeking such a briefing. Do you want to rephrase your answer?

**The CHAIR:** Before we go any further, member for West Torrens, could you reference that—

**The Hon. A. KOUTSANTONIS:** I have, sir: Budget Paper 4, Volume 3, page 127, ministerial office resources.

**The CHAIR:** Thank you.

**The Hon. A. KOUTSANTONIS:** Do you want to change your answer?

**The Hon. D.G. PISONI:** I refer to the answer that I—

**The Hon. A. KOUTSANTONIS:** That you have not received correspondence from the shadow minister?

**The Hon. D.G. PISONI:** I refer to the answer that I gave—

**The Hon. A. KOUTSANTONIS:** Are you really going to sit here and tell us that you have not received correspondence?

**The Hon. D.G. PISONI:** I refer to the answer that I gave earlier, that I would check my records.

**The Hon. A. KOUTSANTONIS:** Is that what you said earlier, that you would check your records? You did not say to the committee—

**The Hon. D.G. PISONI:** I have answered the question—

**The Hon. A. KOUTSANTONIS:** —that you had received no correspondence?

**The CHAIR:** Member for West Torrens, my recollection is that that is what the minister said—that he would check—

**The Hon. A. KOUTSANTONIS:** The *Hansard* is an accurate record, sir. We will—

**The CHAIR:** —but *Hansard* certainly will show the answer.

**The Hon. A. KOUTSANTONIS:** It certainly will. I refer to Budget Paper 4, Agency Statements, Volume 3, page 126. Why is there no longer a stand-alone employment portfolio? Can the minister explain that?

**The Hon. D.G. PISONI:** I am responsible for employment.



**The Hon. A. KOUTSANTONIS:** So there is no stand-alone portfolio?

**The Hon. D.G. PISONI:** The stand-alone employment portfolio did not work very well for you guys for the last four years of your government. For three of the last four years, you had the highest or second highest unemployment rate in the country.

**The Hon. A. KOUTSANTONIS:** So that is why you abolished the employment portfolio?

**The Hon. D.G. PISONI:** There is no abolishment of the employment portfolio; I am responsible for the employment portfolio. It is a whole-of-industry approach. I think the—

**The Hon. A. KOUTSANTONIS:** So you are responsible for all industry?

**The Hon. D.G. PISONI:** I am trying to answer the question, Mr Chair.

**The CHAIR:** Continue, minister.

**The Hon. D.G. PISONI:** The change in the way government operates under Premier Marshall is that—

**The Hon. A. KOUTSANTONIS:** Is that why you lost 8,500 jobs last quarter?

**The CHAIR:** Member for West Torrens, you have asked your question. Minister, continue.

**The Hon. D.G. PISONI:** We made the commitment from opposition that there would be a stronger focus on delivering outcomes in the Marshall government. One of the key changes was that there would no longer be this idea of multiple ministers to whom a single CEO would be answerable. We want CEOs to be focused on the government agenda and on delivering the outcomes that reflect the policy of the government and so we have a single department, a single CEO and a single minister.

What is a new way of doing business in government, I have been advised, is that everybody is talking to each other. We have enormous collaboration between ministers in cabinet, ministers outside cabinet and, of course, the chief executives of all the departments. Everyone is working towards one goal: to create more jobs in South Australia and to build a stronger and larger private sector here in South Australia.

Of course, one of the keys to delivering jobs here in South Australia is making sure that South Australians have the skills in order to do that. It is important that the minister responsible for skills is also the minister responsible for employment. If we take that another step, the minister responsible for employment and skills is also responsible for industry because we believe industry is key to delivering jobs here in South Australia and we also believe that industry is key in determining the skills needed in order for their businesses to grow.

I cannot recall that there was a stand-alone minister for employment in the 12 years that I was in opposition. I think the employment minister was also responsible for a number of other portfolios, often in the higher education or vocational education area. It was often connected with TAFE. The minister responsible for employment was often the minister for TAFE and sometimes it was industry. In the previous term, I think minister Kyam Maher was the minister for industry and employment. It is an absolute nonsense for the member—

**The Hon. A. KOUTSANTONIS:** Okay, we will move on then. Since you will not answer the question, we will move on.

**The Hon. D.G. PISONI:** I have not finished answering the question.

**The CHAIR:** Member for West Torrens, the minister is continuing his answer, but he must be close to winding up.

**The Hon. A. KOUTSANTONIS:** For 45 minutes, sir? Is that the—

**The CHAIR:** It has not been that, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** If you are afraid of questions, just say so.

**The CHAIR:** Member for West Torrens, the minister did not make an opening statement. He is responding as he sees fit to your question. Minister, continue.

**The Hon. D.G. PISONI:** I would like to be respectful to the member for Torrens—

**The Hon. A. KOUTSANTONIS:** West Torrens.

**The Hon. D.G. PISONI:** —and answer the question.

**The Hon. A. KOUTSANTONIS:** Oh, that is very nice of you, thank you. Thank you, minister, I appreciate your respectfulness.

**The Hon. D.G. PISONI:** The question was quite broad and it needs a broad answer because it is about a philosophical difference between the Labor Party in government and the Liberal Party in government. I am just trying to explain that in fairly simple terms so that the member may have an appreciation of what we are hoping to achieve.

It is a very ambitious agenda that we have—there is no doubt about that. The focus on employment relates obviously around ensuring that South Australians have the skills they need in order to be employed, and that is why we are investing \$202.6 million through our Skilling Australians Fund. We were the first state to sign up with the federal government for that program and we have been very active in the last four or five months in engaging industry to find out exactly what the barriers are to employment—

**The CHAIR:** The minister is winding up his answer.

**The Hon. D.G. PISONI:** —and what we can do as a government to remove those barriers and make it much easier for them to employ.

**The Hon. A. KOUTSANTONIS:** Again, I refer the minister to Agency Statements, Budget Paper 4, Volume 3, page 127, ministerial office resources. Does the minister operate a private email account?

**The Hon. D.G. PISONI:** No, I do not operate a private email account.

**The Hon. A. KOUTSANTONIS:** Have you ever sent any private emails while being a minister, other than on your ministerial email or your parliamentary email?

**The Hon. D.G. PISONI:** I do not have a private email account.

**The Hon. A. KOUTSANTONIS:** So you have not sent any—

**The Hon. D.G. PISONI:** I answered the question: I do not have a private email account.

**The Hon. A. KOUTSANTONIS:** That is good. Have you sent any emails on a private email—

**The Hon. D.G. PISONI:** I do not have a private email account.

**The Hon. A. KOUTSANTONIS:** That is not the question I am asking you. Have you sent any emails—

**The Hon. D.G. PISONI:** Your question is a silly question because I have told you that I do not have a private email account.

**The Hon. A. KOUTSANTONIS:** If it is so silly, just say you have not sent any emails.

**The Hon. D.G. PISONI:** I do not have a private email account.

**The Hon. A. KOUTSANTONIS:** So you will not answer the question whether you have used a private email account—

**The Hon. D.G. PISONI:** I have answered the question.

**The Hon. A. KOUTSANTONIS:** —to send any emails.

**The Hon. D.G. PISONI:** I have answered the question. I do not have a private email account.

**The Hon. A. KOUTSANTONIS:** That raises grave concerns I think, Mr Chairman, because what the minister is refusing to rule out is that he sent emails—

**The Hon. D.G. PISONI:** Point of order: I have answered the question.

**The Hon. A. KOUTSANTONIS:** No, you have not. I have asked you two questions: do you own and operate a private email account—

**The CHAIR:** Member for West Torrens, a point of order has been raised by the minister.

**The Hon. D.G. PISONI:** The question was: do I have a private email account? I answered no, which means the second question is superfluous.

**The Hon. A. KOUTSANTONIS:** No, no it is not. Have you sent an email to anyone by other than using your ministerial account or your parliamentary account?

**The Hon. D.G. PISONI:** I have answered the question.

**The Hon. A. KOUTSANTONIS:** How?

**The Hon. D.G. PISONI:** I have answered the question.

**Mr McBRIDE:** Point of order: my understanding is that questions the opposition can ask the minister are only to relate to the budget and what is in the budget papers. I am sure that in the budget papers it does not ask whose email is being used.

**The CHAIR:** Your point of order is relevance?

**Mr McBRIDE:** Correct.

**The CHAIR:** I uphold the point of order.

**The Hon. A. KOUTSANTONIS:** Well, sir, I respectfully disagree. I think the minister is not answering the question. I think the minister is dodging the question, and it raises grave concerns as to why.

**The Hon. D.G. PISONI:** If you have an allegation to make—

**The Hon. A. KOUTSANTONIS:** Why would you not answer the question?

**The Hon. D.G. PISONI:** If you have an allegation to make, make it outside. I have answered your question.

**The Hon. A. KOUTSANTONIS:** I am making it right here in the public view.

**The Hon. D.G. PISONI:** I do not have—

**The Hon. A. KOUTSANTONIS:** That is not what I asked you. I asked you: have you sent an email from a private account?

**The Hon. D.G. PISONI:** This is totally out of order, sir.

**The CHAIR:** Member for West Torrens and the minister, both, member for West Torrens, you have asked a question and the minister has answered it.

**The Hon. A. KOUTSANTONIS:** No, he has not, sir. Why will you not answer? Have you sent an email on a private account?

**The Hon. D.G. PISONI:** I do not have a private account.

**The Hon. A. KOUTSANTONIS:** Have you sent an email on a private account? Why would you not just say no?

**The Hon. D.G. PISONI:** Sir—

**The Hon. A. KOUTSANTONIS:** Why will you not just say no?

**The CHAIR:** Minister.

**The Hon. D.G. PISONI:** This is—

**The Hon. A. KOUTSANTONIS:** This is what?

**The Hon. D.G. PISONI:** I have answered the question.

**The Hon. A. KOUTSANTONIS:** Fact seeking?

**The CHAIR:** Member for West Torrens, it is time to move on. Could you reference—

**The Hon. A. KOUTSANTONIS:** Well, sir, obviously the minister is afraid to answer the question, which raises very serious concerns.

**The Hon. D.G. PISONI:** That question is out of order, sir.

**The CHAIR:** Member for West Torrens, could you move on, please, and reference your budget line—

**The Hon. A. KOUTSANTONIS:** I think I did, sir.

**The CHAIR:** —when you move on.

**The Hon. A. KOUTSANTONIS:** On Budget Paper 3, page 110, table 7.1, how many jobs does the minister claim this budget will create? It should be a pretty simple—

**The Hon. D.G. PISONI:** I remember a claim back in 2010 when the previous Labor government, and I think Kevin Foley was the treasurer and the member for West Torrens was a new minister, claimed 100,000 jobs over six years. They were nearly there, sir—about 94,000 short.

**The Hon. A. KOUTSANTONIS:** I look forward to the same level of robustness from the Chair.

**The CHAIR:** Minister, you have been asked a question, you have the information in front of you, could you respond, please?

**The Hon. A. KOUTSANTONIS:** How many jobs is your budget going to create?

**The Hon. D.G. PISONI:** I heard the question.

**The Hon. A. KOUTSANTONIS:** Well, answer it.

**The Hon. D.G. PISONI:** There is no need to bark back—

**The Hon. A. KOUTSANTONIS:** Bark?

**The Hon. D.G. PISONI:** —the same question aggressively.

**The Hon. A. KOUTSANTONIS:** Bark? This is parliament. If it is all too much, let someone else do it.

**The CHAIR:** Member for West Torrens, the minister is answering. You have asked your question. Order!

**The Hon. D.G. PISONI:** I am trying to be as respectful as I can to somebody with a trade union background who thinks that he is conducting a meeting trying to rally members by forcing them to sign up. The answer to the question is: applying the state budget employment growth, as relates to current employment figures, would result in 38,000 more South Australians in work over the next four years or about 9,500 per year, which is just slightly above the 10-year average of around 6,000 per year.

**The Hon. A. KOUTSANTONIS:** The latest ABS stats show a loss of 8½ thousand jobs. How are you tracking so far?

**The Hon. D.G. PISONI:** I have answered the question. You asked me—

**The Hon. A. KOUTSANTONIS:** Can you explain to me, given the laser-like focus—

**The CHAIR:** Member for West Torrens, the minister is continuing to answer the question.

**The Hon. A. KOUTSANTONIS:** He just said that he had answered my question.

**The CHAIR:** I think he has more information.

**The Hon. A. KOUTSANTONIS:** He has more to add now? Lucky you have advice there ready for you to read out. I do not want you to think for yourself.

**The CHAIR:** Continue, minister.

**The Hon. A. KOUTSANTONIS:** Make sure you read it properly.

**The Hon. D.G. PISONI:** I am trying to answer the question, Chair—

**The Hon. A. KOUTSANTONIS:** I thought you had answered it.

**The Hon. D.G. PISONI:** —and I am being continually interrupted by the member for West Torrens, who obviously woke up with a headache today. It is quite extraordinary. We are looking at the labour market data over this period. In the five-month period between March and August this year, since the election, the number of monthly hours worked increased by 1.2 million to 114.4 million hours. This is the highest number on record.

I think this is an important indicator because when businesses are growing the first thing they do is offer more hours to their existing staff. This is a very good sign, though obviously we still have a lot of work to do in creating more jobs here in South Australia. The extra hours that have been worked mean that there is a significant amount of extra money circulating in the economy. That is on top of the additional \$90 million being circulated in the economy with the halving of the emergency services levy that the member for West Torrens inflicted on the South Australian public without warning in 2014.

**The Hon. A. KOUTSANTONIS:** Was that the one where you went to the meeting and did not know what was happening because you had not read your papers?

**The Hon. D.G. PISONI:** That is returning \$360 million back into the South Australian economy over the forward estimates. Of course, that means that, because of the four years we had the doubling of the emergency services levy under the previous treasurer, South Australians have not had access to \$360 million to spend in the South Australian economy.

We are seeing some strong increases in consumer and business confidence here in South Australia, and I think it is fair to say that that increase in hours that have been worked over the five months since the election indicates that businesses are putting their money where their mouth is. They are keen to grow and they are using the mechanism that is available to them immediately—that is, extra staff.

There was a conversion of some part-time work into full-time work in the last figures, which is very good to see. We know that when you have full-time work you are feeling much more secure than when you have part-time work. It is always a challenge in a changing economy to ensure that there is job security, but of course you cannot legislate job security. You get job security by having a strong and vibrant private sector here in South Australia—actually, every economy needs a strong and vibrant private sector.

From 1 January, we will see the 143,000 small businesses here in South Australia benefit or potentially benefit from the lifting of the payroll tax threshold, from \$600,000 to \$1.5 million. About 3,500 businesses that are paying payroll tax at the moment will no longer be paying it. People who are running business have told me that they have payroll tax below \$600,000 but they would not employ anybody because they did not want to pay payroll tax. Now that the shackles have been removed, they are looking forward to expanding their businesses.

We are very excited about the impact that is going to have on job opportunities here in South Australia and gets back to the point I was making earlier, that this is why it is important that the employment portfolio is part of the Department for Industry and Skills and part of the responsibility of the Minister for Industry and Skills—because we need to work together—

**The Hon. A. KOUTSANTONIS:** Again, sir, if you want a robust committee, we can have short and precise answers, or we can have waffle.

**The CHAIR:** A minister in committee has the opportunity to answer in whatever way he or she chooses. Once again, I sense the minister is closing his remarks on this question.

**The Hon. A. KOUTSANTONIS:** Excellent.

**The CHAIR:** We will shortly get to the next question. Minister, can you wrap up, please.

**The Hon. D.G. PISONI:** I am very surprised that anything I am saying is a bit too sophisticated for the member for West Torrens, sir.

**The Hon. A. KOUTSANTONIS:** That invites the next question, sir.

**The CHAIR:** The member for West Torrens has the call.

**The Hon. A. KOUTSANTONIS:** Given the sophistication of the minister—

**The Hon. D.G. PISONI:** I am not sophisticated; that is my point.

**The Hon. A. KOUTSANTONIS:** He has talked about the unshackling of the economy with very considerable tax cuts and relief in the emergency services levy of \$360 million, which is \$90 million per year over the forward estimates. He has talked about lifting the tax-free threshold for payroll tax to \$1.5 million for 3½ thousand businesses. Could he explain then why his own Treasury's predictions are that jobs growth will decrease each and every year over the forward estimates, given this massive unshackling of the potential of South Australia?

If you look at the estimate from the last year of the last Labor government, employment growth was at 2.1 per cent when the tax-free threshold for payroll tax was \$600,000 and there was what you claim was a burdensome emergency services levy. Our employment growth for the end of that financial year is higher than for every projected year of the next four years under the Liberal government, even with the unshackling, as the minister says, of the emergency services levy and payroll tax. Can he explain why he does not get the same levels of employment growth?

**The Hon. D.G. PISONI:** The government is committed to creating a more favourable environment for business in South Australia and creating more jobs in South Australia.

**The Hon. A. KOUTSANTONIS:** Yes, I know that, and Treasury have seen all this. They have seen the—

**The Hon. D.G. PISONI:** If you will allow me—

**The CHAIR:** Member for West Torrens—

**The Hon. A. KOUTSANTONIS:** He is not answering the question, sir.

**The CHAIR:** We had the question.

**The Hon. A. KOUTSANTONIS:** Treasury have seen everything you have done, yet their forecasts show a decrease. Why?

**The CHAIR:** Member for West Torrens, order! You have asked your question. The minister will now answer.

**The Hon. D.G. PISONI:** Just be a little bit patient.

**The Hon. A. KOUTSANTONIS:** I am patient.

**The Hon. D.G. PISONI:** Just imagine it is a 60 speed limit sign, not an 80.

**The Hon. A. KOUTSANTONIS:** Sure. Thanks for the lesson. Now, explain to me why employment growth decreases.

**The CHAIR:** Member for West Torrens, order!

**The Hon. D.G. PISONI:** According to the 2018-19 state budget, South Australia's employment growth in 2018-19 is forecast to be 1.5 per cent before returning to its longer term growth rate of 1 per cent from 2019-20 onwards. Applying state budget employment growth rates to current employment figures would result in 38,000 more South Australians in work over the next four years—

**The Hon. A. KOUTSANTONIS:** You told us that in the previous answer.

**The Hon. D.G. PISONI:** —or 9,500 per year—

**The Hon. A. KOUTSANTONIS:** You have said that already.

**The Hon. D.G. PISONI:** —which is more than 90 per cent above the 10-year average of 6,000 per year. Look at your—

**The Hon. A. KOUTSANTONIS:** But, minister, that is not the metric you set for yourself. The metric you set for yourself was above the national average.

**The Hon. D.G. PISONI:** I am answering the question, Chair. I am attempting to answer the question.

**The CHAIR:** Continue, minister.

**The Hon. A. KOUTSANTONIS:** Sir, this is identical to the previous answer.

**The CHAIR:** Member for West Torrens, the minister is responding to your question.

**The Hon. D.G. PISONI:** Be patient, grasshopper.

**The Hon. A. KOUTSANTONIS:** I am patient; take the stone from my hand and I will show you.

**The Hon. D.G. PISONI:** At our current rates of population growth and participation, this employment growth will result in further declines in our already relatively low unemployment rate. While the forecast suggests a softening of employment growth from current strong levels, it is important to acknowledge that employment growth is forecast to be stronger under the Marshall Liberal government than under the previous government. There is 1½ per cent growth in 2018-19 compared with 1 per cent growth in the previous 2017 state budget.

A number of surveys indicate that the government has had early success in achieving this, with business confidence improving since the election early in the year. In line with stronger levels of business confidence, labour market conditions in South Australia have also improved over the past five months between March and August. The improved outlook is attributed to the government's continued support for significant public investment projects such as the future shipbuilding projects, which have the potential to stimulate a higher growth forecast in the out years, particularly if supply chain opportunities can be maximised in South Australia.

This is an important point because a significant amount of money is being spent over the next 50 years. If you average it out, it is about \$2 billion a year. There are two ways in which that money will be spent. It will either be spent interstate or overseas—things made overseas for those projects will just be assembled here—or we can train South Australians to make sure that they have the skills that employers are looking for, such as the businesses that want to come to South Australia to take advantage of the tsunami of work being delivered.

**The Hon. A. KOUTSANTONIS:** Point of order, Mr Chairman.

**The CHAIR:** There is a point of order, minister.

**The Hon. A. KOUTSANTONIS:** Relevancy: the question was very specific. The government's projection for jobs growth goes from 2.1 to 1—it halves. The question I have asked the minister is: given that he has made all these tax cuts, why does employment growth halve? He is not answering the question. Why does employment growth halve?

**The CHAIR:** Could you respond to the question, please, minister?

**The Hon. D.G. PISONI:** I am answering the question. It is just that, unfortunately, the member for West Torrens has his foot stuck on the accelerator. The improved outlook is attributed to the government's continued—

**The Hon. A. KOUTSANTONIS:** Improved? You are halving employment growth. How has it improved?

**The Hon. D.G. PISONI:** I am attempting to answer the question, Chair. The government's continued support for significant public investment projects includes future shipbuilding projects, which have the potential to stimulate a higher growth forecast in the out years, particularly if the supply chain opportunities can be maximised. I was going into some detail about that before I was interrupted, sir. It also includes stronger spending in the state by households, business and government.

What is also important to acknowledge is that under the Marshall Liberal government South Australia has recorded its lowest trend unemployment rate in six years, with 5.64 per cent in July 2018. In August 2018, 20,400 more South Australians were in full-time employment compared with October 2015, when full-time employment bottomed out under the previous government to be at its lowest level in almost nine years. The number of trend monthly hours worked by South Australians in August was the highest on record, with 114.4 million hours worked each month.

**The Hon. A. KOUTSANTONIS:** This is all information already given to the committee. It is a very simple question, minister: why is employment growth halving? Can you explain why your projections are lower than your estimated result for the last financial year? Why are they half?

**The CHAIR:** Thank you, member for West Torrens. Minister.

**The Hon. D.G. PISONI:** I think it is fair to say that Treasury's conservative forward estimates do not necessarily reflect the full impact of the new government's policies. I refer you to the measures—

**The Hon. A. KOUTSANTONIS:** Sorry, this is the Treasurer's document, right? The Treasurer authored this document, did he not? I have the budget speech here. The budget speech was very clear. He is the one who wrote the budget. He is the one who delivered the budget. Are you saying to me that he thinks the measures in the Budget Measures Statement will not actually work?

**The Hon. D.G. PISONI:** Chair, he does not have the call.

**The CHAIR:** No. Member for West Torrens, I have said this a number of times, once you have asked your question—

**The Hon. A. KOUTSANTONIS:** Well, I have just heard something staggering. Did you just say that the Treasurer has underestimated this?

**The CHAIR:** Member for West Torrens, the Chair wishes to speak. Can I remind committee members, the member for West Torrens included, that members have the opportunity to ask a minister a question on budget lines. The minister then can choose to answer that question how he or she wishes and—

**The Hon. A. KOUTSANTONIS:** What a brutal attack on the Treasurer.

**The CHAIR:** —member for West Torrens, I have not finished yet—the committee can then make of that answer what they will. Minister, you are responding to a question. The next question will come from the member for King.

**The Hon. A. KOUTSANTONIS:** Yes, tell us how the Treasurer is wrong again. Come on, Mr Pisoni.

**The Hon. D.G. PISONI:** I think it is fair to say that budget forecasts are always conservative. Certainly, it has been my experience as a member of parliament in the last—

**The Hon. A. KOUTSANTONIS:** But you have unshackled the economy. You said here you have unshackled it, yet performance growth is halved.

**The CHAIR:** Member for West Torrens!

**The Hon. A. KOUTSANTONIS:** How can you halve employment growth?

**The CHAIR:** Member for West Torrens, order! A further question. Member for King, you have the call. A question, please.

**Ms LUETHEN:** My question to the minister refers to Budget Paper 1, page 3. Minister, how is business confidence tracking so far under the Marshall Liberal government and what is being done to make South Australia the best place to do business?

**The Hon. D.G. PISONI:** Thank you, member for King. I know that jobs are a high priority for her constituency in the seat of King. I know that she is very keen to see the government's agenda for jobs in South Australia progress. The Marshall Liberal government is creating the right environment for businesses to succeed and grow. We are creating new careers and opportunities



for South Australia. Our approach to creating better conditions for doing business does not rely on politicians and public servants picking winners to receive taxpayer-funded grants and loans.

Our recent state budget will help South Australian businesses thrive. It is a budget that offers welcome tax relief, lowers energy costs and improves energy reliability. It increases South Australia's supply of skilled individuals to meet industry needs, increases opportunities across export markets and boosts our local tourism economy by attracting more visitors to South Australia.

*The Hon. Z.L. Bettison interjecting:*

**The CHAIR:** The minister will be heard in silence.

**The Hon. D.G. PISONI:** An amount of \$157.2 million will be provided to abolish payroll tax for small businesses, as well as \$95.9 million for land tax relief, to allow businesses to grow and invest with confidence. The sum of \$202.6 million will create an additional 20,800 apprenticeships and traineeships in South Australia, and \$184 million has been provided to improve energy market reliability and to make energy bills more affordable for businesses and households.

In addition, \$21.5 million has been allocated to increase funding to \$40 million and to attract major events and conventions, to increase visitor numbers and create new careers; \$20 million has been provided to develop a master plan for improving freight export infrastructure and to facilitate access to export markets; and \$12.8 million has been used to establish new trade investment offices in China, the US, Japan, Malaysia and the United Arab Emirates, to drive exports and job creation.

The Marshall Liberal government has also established a new industry assistance framework to support economic growth in South Australia. Industry assistance will be targeted and will focus on opportunities that provide strategic development benefits for the state, including in our regions. Financial assistance to private sector entities will be delivered in three new funds, as follows:

- the Economic and Business Growth Fund provides \$100 million to support the introduction of significant new technologies, capabilities, capacities and expertise in industries that align South Australia's existing competitive advantages and where we know our future opportunities lie;
- the Research, Commercialisation and Start-up Fund provides \$27.9 million to support South Australian businesses to collaborate with researchers and universities to solve complex problems, to develop and commercialise new products and services, to attract research investment and to establish and grow new start-ups; and
- the Regional Growth Fund provides \$150 million to boost economic opportunities for regional Australians and to build and strengthen regional communities.

The Marshall Liberal government's economic reforms are already improving conditions for business and boosting business confidence. A number of surveys, including the BankSA State Monitor, the Business SA Survey of Business Expectations and the NAB Monthly Business Survey, indicate that this government has achieved early success in creating a better environment for business, with business confidence already improving since the election in March this year.

According to these surveys, stronger business confidence has been supported by the state election, resulting in a refreshing and stable government; a perception that the climate for doing business in South Australia has improved and looks positive for the coming 12 months; BHP expanding Olympic Dam; the OZ Minerals Carrapateena announcement; major shipbuilding contracts; and the resilience of the labour market following the closure of Holden. According to the National Australia Bank, business confidence is now stronger in South Australia than in any other Australian state.

The Property Council of Australia has indicated that confidence in the South Australian government to manage the economy has been in positive territory for two consecutive quarters for the first time on record, resulting in the highest levels of property sector confidence on record. In fact, South Australians are more confident in the government to plan and manage growth than any other state.

**The CHAIR:** Member for West Torrens.

**The Hon. A. KOUTSANTONIS:** That was a wonderful answer written by the minister's staff. Given that he has unshackled the economy from Labor, can the minister explain why the latest ABS statistics saw 8½ thousand fewer people employed in August compared with the previous month, and are you aware that this was the largest decrease in employment of all the states and territories and is the lowest level of employment recorded in SA this year?

**The Hon. D.G. PISONI:** I think I can remember seeing a memo written for Gail Gago warning of the dangers of relying on seasonally adjusted figures. We all know that seasonally adjusted figures move up and down. Particularly in a small state like South Australia, they are even less reliable than they are in larger states. I think that some of the smaller jurisdictions, such as Canberra and the Northern Territory, do not even use seasonally adjusted figures.

We are not saying that we have fixed the problem. It is 16 years of Labor government that we have to repair, and we cannot do that in six months. But I think it is fair to say that the position that South Australia is in at the moment is much stronger than it has been for quite some time. The fact that we have seen so many additional hours—I think 1.2 million additional hours were worked by South Australians, which is higher than we have seen Australiawide—is an extraordinary economic indicator that shows that businesses are investing. They are paying their staff more because their staff are working more. They are doing that because businesses are making an investment in their business.

I think it is fair to say that we would see more of this happening if we were successful in expanding and deregulating shopping hours here in South Australia. Again, the dinosaur position of the opposition, kowtowing to their union bosses, is costing South Australians employment opportunities. There are many, many South Australians who are students, who are working part-time, people who want to return to the workforce, who are not ready to go full-time, who would love the opportunity to work hours that are not available to them in the retail sector at the moment.

Of course, there are smaller businesses that are paying for rent on public holidays in suburban shopping centres but cannot open their shops. There is no point opening their shops if the anchor tenants are not there, if people are not coming to the supermarkets and the department stores to service that shopping centre. We all know that the business model that works for suburban shopping centres is that you need to have those anchor tenants. Often, I am advised, there are incentives for anchor tenants to move in to bring the people, to bring the masses in. Of course they are not going to come in under the policy of the Labor Party of restricting shopping hours here in South Australia.

We are looking at all aspects of job growth and job creation here in South Australia. We do not think that as a government we can give advice to business. We want business to give advice to us, and we want to be able to act on that advice. We are not going to have some philosophical debate with business about whether they should be doing other things on public holidays or on Sundays. That is up to individuals. We are truly libertarians. We are not in the business of telling people how to live their lives or how to run their businesses. We are very, very encouraged by what we are seeing in the employment figures so far.

Getting back to the member's question, it has been standard advice that he is well aware of, that employment ministers and treasurers have been given for years from their departments, that seasonally adjusted figures do bounce around a lot. They are not reliable and consequently—

**The Hon. A. KOUTSANTONIS:** I refer you to Budget Paper 2.

**The Hon. D.G. PISONI:** Well, I have not finished my answer.

**The CHAIR:** You are winding up though, minister.

**The Hon. D.G. PISONI:** I am winding up.

**The CHAIR:** It was a broad question, but you are winding up now.

**The Hon. D.G. PISONI:** Perhaps the member for West Torrens needs to put his foot on the brake just a little bit. He has asked a question; I think he is entitled to an answer, but I will decide when I have finished.

**The Hon. A. KOUTSANTONIS:** If you are afraid of questions, you should just say so.

**The Hon. D.G. PISONI:** I am entitled to decide when I have finished the answer, not the member for West Torrens.

**The Hon. A. KOUTSANTONIS:** I do not mean to bother you with questions in estimates. I am sorry I have not given you a pre-prepared—

**The CHAIR:** Member for West Torrens, your question related quite broadly to the state of South Australia's economy.

**The Hon. A. KOUTSANTONIS:** I do not remember mentioning's shop trading hours once, but I watched you sit quietly through him talk about legislation before the parliament. Never mind. My question now is relation to Budget Paper 2.

**The CHAIR:** Member for West Torrens, just a moment.

**The Hon. D.G. PISONI:** I have not finished my answer.

**The CHAIR:** Minister, I will give you one minute to wrap up that response.

**The Hon. D.G. PISONI:** In summing up, sir, it is well known that the seasonally adjusted figures are not the reliable figures, the figures that the member for West Torrens is relying on.

**The CHAIR:** The member for West Torrens.

**The Hon. A. KOUTSANTONIS:** I refer to Budget Paper 2, pages 9 and 10, in relation to the cuts to the Jobs First program. Has the minister ever received and signed off on the written advice that Bedford Industries will receive a reduction in funding?

**The Hon. D.G. PISONI:** I refer to answers I gave in the previous session. I have dealt with this matter.

**The Hon. A. KOUTSANTONIS:** Could you refresh the committee now?

**The Hon. D.G. PISONI:** I have dealt with the matter. I refer to answers that I gave in the previous session.

**The Hon. A. KOUTSANTONIS:** So you do not know. You cannot recall whether you have taken money from Bedford industries?

**The Hon. D.G. PISONI:** No, you did not listen to my answer. I said that I refer to answers I gave in the previous session.

**The Hon. A. KOUTSANTONIS:** So not only do you cut funding to an organisation but you cannot be bothered to remember whether you cut funding to an organisation?

**Ms LUETHEN:** Point of order.

**The CHAIR:** Point of order, member for King.

**The Hon. A. KOUTSANTONIS:** Have you been to Bedford industries? Do you know—

**The CHAIR:** Member for West Torrens, there is a point of order. Member for King.

**Ms LUETHEN:** Standing order 127: making personal reflections and also 128, repetition.

**The CHAIR:** The point of order has been made regarding personal reflection. Does the minister feel affronted by the comments made by the member for West Torrens?

**The Hon. D.G. PISONI:** Never do I feel affronted by the member for West Torrens, sir.

**The Hon. A. KOUTSANTONIS:** Thank you; there you go. I refer the minister to Budget Paper 5, page 99, budget measures and the Career Services program, which has been cut by your government. The savings from this program are listed as \$1.27 million over the next four years. Can you confirm that the figure is, indeed, \$1.27 million?

**The Hon. D.G. PISONI:** I am advised that, when you were in the role of treasurer of South Australia, you banked savings of \$642,000, and the savings from the 2018-19 budget are \$1.27 million. So the total operating savings are \$1.92 million, which is a combination of the \$642,000 that you built into your budget last year and \$1.270 million from the 2018-19 year. I think—

**The Hon. A. KOUTSANTONIS:** Sorry, did you say the savings are \$1.27 million?

**The Hon. D.G. PISONI:** There are existing savings from your budget—

**The Hon. A. KOUTSANTONIS:** Of \$600,000, you say?

**The Hon. D.G. PISONI:** —of \$642,000, and there are additional savings from the 2018-19 budget of \$1.270 million.

**The Hon. A. KOUTSANTONIS:** So you have doubled the savings?

**The Hon. D.G. PISONI:** I have not finished.

**The Hon. A. KOUTSANTONIS:** You have doubled the savings?

**The Hon. D.G. PISONI:** Mr Chair?

**The CHAIR:** Member for West Torrens—

**The Hon. A. KOUTSANTONIS:** I am just trying to understand what he is saying, sir.

**The CHAIR:** —once again, you have asked your question, the minister is answering and he is responding as he wishes.

**The Hon. D.G. PISONI:** And I refer to my answer earlier when the member for Ramsay objected to my repeating that there had been significant increases in funding from the federal government for these programs and these programs have never been delivered by government. Yes, they have been funded by government, but we are not in the business of duplicating work that is being done by other governments.

The funding for these programs—for the not-for-profit organisations and the for-profit organisations that use these programs—is now available through the federal government. We are focusing on training South Australians. It is a refocusing of the budget to training South Australians, making sure that they are actually much more employable—

**The Hon. A. KOUTSANTONIS:** So you are taking the savings and reallocating them to training; is that what you are saying?

**The CHAIR:** The minister will be heard in silence.

**The Hon. D.G. PISONI:** —and that is why we are spending \$202.6 million. The federal government has contributed \$102.6 million—we need to give credit where credit is due—as part of their Skilling Australians Fund to match our Skilling South Australia fund. Over the next four years, that will be roughly, on average, a figure of about \$50 million a year or \$1 million a week being spent on new training and extra training here in South Australia to prepare South Australians for the tsunami of defence shipbuilding and submarine building-related industries that are coming to South Australia courtesy of the federal government.

**The CHAIR:** The member for West Torrens has the call.

**The Hon. A. KOUTSANTONIS:** Coming back to that tsunami of jobs and table 7.1 on page 110 of Budget Paper 3, Budget Statement, where it shows that employment growth will be halved, did the minister undertake any economic modelling on the impact of payroll tax cuts?

**The Hon. D.G. PISONI:** That is a question that you should direct to the Treasurer.

**The Hon. A. KOUTSANTONIS:** Okay, so that is no. Have you conducted any economic modelling on the impact on jobs growth of the land tax cuts?

**The Hon. D.G. PISONI:** That is a question you should direct to the Treasurer.

**The Hon. A. KOUTSANTONIS:** No. How many jobs will the payroll tax cuts make?

**The Hon. D.G. PISONI:** That is a question you should direct to the Treasurer.

**The Hon. A. KOUTSANTONIS:** How many jobs will the land tax cuts create?

**The Hon. D.G. PISONI:** That is a question you should direct to the Treasurer. I think I need to—

**The Hon. A. KOUTSANTONIS:** So as the minister responsible for industry and skills and, using the minister's own words—

**The Hon. D.G. PISONI:** I have not finished my answer, sir.

**The CHAIR:** Order! Are you continuing your answer, minister?

**The Hon. D.G. PISONI:** Yes, I am continuing my answer.

**The Hon. A. KOUTSANTONIS:** Is this how it works, sir: so I ask a question, he answers it; I move to another question, he does not like the way the question is going—

**The Hon. D.G. PISONI:** I had not finished.

**The Hon. A. KOUTSANTONIS:** —and he starts speaking again, and then you just overrule me because he is a member of your party? Is that how it works?

**The CHAIR:** No, that is not right at all, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** Good. How about we get back to some sort of—

**The CHAIR:** You have asked a question. Can you repeat your last question and I will throw then to the minister?

**The Hon. A. KOUTSANTONIS:** So the minister responsible for employment growth cannot tell the parliament—

**The Hon. D.G. PISONI:** This is not his last question. His last question was a question about numbers.

**The CHAIR:** The last question that you had the call for, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** I asked if he had done any economic modelling on the impact of land tax cuts or payroll tax cuts, and the minister answered that he had not. I am moving on to my next question.

**The Hon. D.G. PISONI:** No, that was not the end of my answer.

**The CHAIR:** Finish your answer—

**The Hon. A. KOUTSANTONIS:** If you want to frustrate because you do not like the questions because you have been embarrassed—

**The CHAIR:** Member for West Torrens! Minister, finish your answer to that question and then we can go to the member for West Torrens for his next question.

**The Hon. D.G. PISONI:** What is important to remember is that the overall government policy is about adjusting the settings in South Australia to make it easier—

**The Hon. A. KOUTSANTONIS:** How many jobs will that create?

**The Hon. D.G. PISONI:** —to do business here in South Australia. We know that we need a stronger and more vibrant private sector. Of course, if we reduce the payroll tax burden and fewer businesses are paying payroll tax here in South Australia they will have more money to invest in their business. We know that if businesses are getting a reduction in their land tax there will be more money to invest here in South Australia. This is not a single silver bullet solution to doing this.

**The Hon. A. KOUTSANTONIS:** Can we move on now, sir, to more questions before we run out of time?

**The CHAIR:** The minister is wrapping up.

**The Hon. D.G. PISONI:** The facts are that it is a multilateral set of policies that—

**The Hon. A. KOUTSANTONIS:** Can we move on now?

**The CHAIR:** Minister, you have 30 seconds.

**The Hon. D.G. PISONI:** —need to be implemented, and my responsibility is responding as the Minister for Industry and Skills to the settings that have been delivered by the Treasurer.

**The CHAIR:** The member for West Torrens has the call.

**The Hon. A. KOUTSANTONIS:** Looking at table 7.1 on page 110 of Budget Paper 3, the new settings that the government has put in place will see a reduction in per capita gross state product, no increase in gross state product from 2018-19 over the forward estimates and state final demand decrease from the actual result in 2016-17 of 3.3 per cent and 3 per cent in the last budget to 2.5, 2.25, 2.25 and 2.25. So every aspect of every measure we have of the South Australian economy decreases, yet you say that somehow you are getting the settings right. Why does Treasury not believe you?

**The Hon. D.G. PISONI:** This is a question that should be directed to the Treasurer. As I referred in my earlier—

**The Hon. A. KOUTSANTONIS:** I think that is a damning indictment—

**The Hon. D.G. PISONI:** I have not finished my answer, sir.

**The Hon. A. KOUTSANTONIS:** —of the employment minister, that he says that all the measures he is putting in place and voted for—

**The CHAIR:** Member for West Torrens, order! The minister's response will be heard in silence.

**The Hon. A. KOUTSANTONIS:** Well, which economic setting improves with your new measures?

**The CHAIR:** The minister is taking advice, member for West Torrens, and he will now furnish us with a reply.

**The Hon. D.G. PISONI:** The member for West Torrens would know that the settings that are in the budget are beyond the borders of South Australia. They are policy—

**The Hon. A. KOUTSANTONIS:** State final demand is beyond the borders of South Australia, is it?

**The CHAIR:** The minister will be heard in silence.

**The Hon. D.G. PISONI:** If you—

**The Hon. A. KOUTSANTONIS:** It is staggering that you would say that.

**The CHAIR:** The minister will be heard in silence. Order, member for West Torrens!

**The Hon. A. KOUTSANTONIS:** So state final demand is influenced by external factors? Like what? Give us an example.

**The Hon. D.G. PISONI:** If you read your budget papers you would have come across—

**The Hon. A. KOUTSANTONIS:** These are your budget papers.

**The Hon. D.G. PISONI:** Well, your copy of the budget papers—you would come across the following paragraph:

Forecasts and projections for South Australia from 2018-19 onwards take into consideration the expected performance of the international, national and state economies over the medium term. Forecasts and projections also depend on key assumptions around population growth rates and the relative performance of the state's economic sectors.

**The Hon. A. KOUTSANTONIS:** Yes, and?

**The Hon. D.G. PISONI:** We have work to do. We picked up a massive mess from you guys and we have structural change—

**The Hon. A. KOUTSANTONIS:** But that is not what you said. You said to us that you have unshackled the economy. You said to us your tax cuts are going to turbocharge the economy—

**The CHAIR:** The member for West Torrens—

**The Hon. A. KOUTSANTONIS:** —yet every indicator dropped.

**The CHAIR:** Member for West Torrens, the minister will be heard in silence. That is how this works.

**The Hon. A. KOUTSANTONIS:** Can you point to any indicator that will grow over the forward estimates?

**The CHAIR:** Member for West Torrens, order!

**The Hon. A. KOUTSANTONIS:** One—point to one indicator that grows over the forward estimates.

**The CHAIR:** Member for West Torrens! Minister, respond to the question for which the member had the call.

**The Hon. D.G. PISONI:** The member for West Torrens has had the opportunity to ask these questions of the Treasurer. My focus is on—

**The Hon. A. KOUTSANTONIS:** Employment.

**The Hon. D.G. PISONI:** —the Department for Industry and Skills, which includes the employment portfolio, and I work within the parameters—

**The Hon. A. KOUTSANTONIS:** Sorry, I thought we were in the employment section of the estimates.

**The Hon. D.G. PISONI:** I am not responsible—

**The Hon. A. KOUTSANTONIS:** Am I in the wrong session, sir? I thought this was the employment section.

**The CHAIR:** I can confirm we are in the employment section.

**The Hon. A. KOUTSANTONIS:** Good; so tell me which indicator increases with all your new settings.

**The Hon. D.G. PISONI:** Sir, I have not finished my question. You continually allow him to interrupt me without—

**The CHAIR:** I take that point—

**The Hon. A. KOUTSANTONIS:** Your answer, not your question. Do not get flustered; stay on message.

**The CHAIR:** Member for West Torrens, you will hear the minister in silence. You have asked a question. The minister is responding to the question that the member for West Torrens has the call for. Continue—and he will be heard in silence.

**The Hon. D.G. PISONI:** The member for West Torrens knows this. He was the treasurer for four years—the treasurer who presided over South Australia, in three of those four years, having the highest or second highest unemployment in the country. He knows—

**The Hon. A. KOUTSANTONIS:** All the indicators that I left you are higher than all your projected ones.

**The CHAIR:** Member for West Torrens!

**The Hon. A. KOUTSANTONIS:** All of them.

**Mr McBRIDE:** Point of order, Mr Chairman. The minister needs to be heard in silence. Point of order: 137, obstruction. The member for West Torrens is continually obstructing our minister's answer. I do not know how long this can go on for, but that is the point I want to raise.

**The Hon. A. KOUTSANTONIS:** Only three more minutes, sir, because they are wasting time.

**The CHAIR:** And the member for West Torrens is taking no notice whatsoever of the Chair. The minister will be heard in silence. Minister, continue—in silence.

**The Hon. D.G. PISONI:** It is unfortunate that the minister for West Torrens says he wants—

**The Hon. A. KOUTSANTONIS:** Member for West Torrens.

**The CHAIR:** Thank you, member for West Torrens.

**The Hon. D.G. PISONI:** The member for West Torrens says he wants answers from the minister but he continually interrupts the minister when the minister is attempting to give an answer to the question.

**The Hon. A. KOUTSANTONIS:** Are you talking about yourself in the third person?

**The CHAIR:** Continue.

**The Hon. D.G. PISONI:** The numbers in the budget do not reflect the government's policy settings; they are policy neutral. It is our role as a government to deliver the government commitments—

**The Hon. A. KOUTSANTONIS:** 'Policy neutral'?

**The Hon. D.G. PISONI:** I will refer you to the question earlier. There are international factors, there are national factors and there are other factors in this area that are varied—

**The Hon. A. KOUTSANTONIS:** 'Our policies will have no impact on the economy.' Thank you very much. That is a stunning concession.

**The CHAIR:** The member for West Torrens!

**The Hon. D.G. PISONI:** The policy of the settings of this government will start repairing the damage left to this economy in South Australia by 16 years of Labor.

**The CHAIR:** The member for King has a question.

**The Hon. A. KOUTSANTONIS:** You are kidding. Governments cannot ask questions of themselves.

**The CHAIR:** Member for West Torrens, as far as I am aware, this timetable was agreed to, and every member of this committee has an opportunity. Government backbenchers who sit on this committee would not otherwise have an opportunity such as this. Member for King.

**Ms LUETHEN:** Thank you. I refer to Budget Paper 1, pages 3 to 12. Can the minister please outline South Australia's performance regarding the trend in employment numbers over the past five years?

**The CHAIR:** Minister, before you answer, I am going to suggest that you conclude your answer to this question with time for the opposition to ask one more question before the allotted time.

**The Hon. D.G. PISONI:** I thank the member for her question, and I also thank her for her interest and her passion for opportunities for young people in South Australia. The lowest point reached in the dark, dark, dark period of the employment history of the previous government was in January 2014, with only 797,100 people in work. The highest point reached was in May 2018, with 842,700 South Australians employed, showing a clear bounce in consumer and business confidence post the election of the Marshall Liberal government in March this year.

**The Hon. A. KOUTSANTONIS:** Female underutilisation in South Australia is exceptionally high. I take the minister's point on seasonally adjusted figures, but the latest ABS statistics show that female underutilisation in South Australia is at 17.8 per cent. Does the minister have any program in the budget that deals specifically with female employment and underutilisation?

**The Hon. D.G. PISONI:** You will find, member for West Torrens, that there is a strong focus on female employment in all the material that is going out to support and encourage people to take on apprentices and trainees.

In order to offer more opportunities across the sector and more opportunities for women, it is important that women see women in those roles and know that they are supported and that there is support from the government to see them in those roles. If you look at our apprenticeship material and our training material, I think you will find that we could be accused of not being gender balanced because they are very dominated by women. The front cover of our Skilling South Australia material



features a female apprentice. We are always talking to employers about expanding their opportunities for employing females in traditional male roles in particular.

I was speaking with the ASC on a visit just recently and they are very keen to have a whole cohort of women apprentices. Their advice has been that, for it to work as successfully as possible, young women want to work with other young women. They do not want to be the only woman in a cohort of apprentices. They want to be with a number of other women. The difficulty they have in doing that, of course, is that they need to advertise specifically for women. They need an exemption from the Sex Discrimination Act in order to do that.

It is a very complex area that the member has asked about and we are aware of that. We are looking at all sorts of possibilities and all sorts of ways we can increase the number of women who are in those male roles in particular. Of course, this will have an impact on women earning more because, traditionally, many of those male-dominated area salaries are higher. If we can get more women working in those areas and, transversely, if we can get more men working in traditionally women's areas, we will probably see wages rise in those areas. It is a very long process. It is broader than just the state of South Australia, but we are committed. I know that the member for King raises the opportunities for women—

**The CHAIR:** Minister, I might just call you to close there. I have indicated to the member for Ramsay that she could have one question before we close. A quick question and a quick answer please, minister.

**The Hon. Z.L. BETTISON:** Minister, I have a particular interest in older female workers. What programs do you have to support them because we have seen increasing rates of unemployment for older women?

**The Hon. D.G. PISONI:** We are continuing our work with DOME, so we are very supportive of—

*The Hon. A. Koutsantonis interjecting:*

**The Hon. D.G. PISONI:** So you are the employment shadow and you do not know who DOME are? Is that what you are saying?

**The Hon. A. KOUTSANTONIS:** I asked how much you are contributing.

**The Hon. D.G. PISONI:** We are still funding programs that are being rolled out with DOME. We are very committed to opening up opportunities. We think that some of the programs that we are working with in the traineeship area, not so much the apprenticeship area, with our Skilling South Australia fund, will open up opportunities, particularly in the caring sector. We are enormously underskilled to deliver the NDIS. It is another legacy of the previous Labor government. We need to have more people who have qualifications in disability care and also in aged care. It is a challenging task. We are working with those industries and there is a lot of crossover, too, in skills care and aged care.

I have been advised that funding for DOME in 2018-19 is \$102,000, and then it jumps up to \$523,000 in the 2018-19 year, so you can see that we are working with them in a serious manner and taking this space very seriously. As far as I understand, they do not discriminate between men and women when they are rolling out their programs.

**The CHAIR:** Thank you, minister. In accordance with the agreed timetable, the committee stands suspended until 1.45pm.

*Sitting suspended from 12:46 to 13:43.*

#### **Membership:**

Mr Hughes substituted for Hon. A. Koutsantonis.

**Departmental Advisers:**

Mr J. Chapman, Small Business Commissioner, Department for Industry and Skills.

Mr M. Duffy, Chief Executive, Department for Industry and Skills.

Ms P. Chau, Executive Director, Strategy and Business Services, Department for Industry and Skills.

Mr J. King, Executive Director, Skills and Employment, Department for Industry and Skills.

Mr A. Reid, Executive Director, Industry, Innovation, Science and Small Business, Department for Industry and Skills.

Mr M. Smith, Acting Director, Finance, Department for Industry and Skills.

Mr I. Nightingale, Industry Advocate.

**The CHAIR:** Welcome back everybody to the sitting of Estimates Committee A. From 1.45pm to 2.45pm, we are questioning the minister for the Department for Industry and Skills on small business. Before I begin, I inform the committee that the member for West Torrens has been replaced by the member for Giles. I also welcome year 7 students from the Tumbay Bay Area School, who are guests of mine. I am sorry your tour of Parliament House was so quick, but I hope you enjoyed it and enjoy your time here.

Minister, I ask you to make an opening statement, should you wish, and introduce your advisers please.

**The Hon. D.G. PISONI:** I do not have an opening statement. To my right is Adam Reid, Executive Director, Industry, Innovation, Science and Small Business in the Department for Industry and Skills. To my left is John Chapman, the Small Business Commissioner, and immediately to his left is Mark Duffy, the Chief Executive of Department for Industry and Skills.

**The CHAIR:** Thank you, minister. Does the lead speaker for the opposition wish to make an opening statement?

**The Hon. Z.L. BETTISON:** No opening statement, straight to questions please.

**The CHAIR:** Straight to questions. The member for Ramsay has the call.

**The Hon. Z.L. BETTISON:** I refer to Budget Paper 4, Volume 3, page 127, ministerial office resources. I want to raise again that you have refused to have a briefing for the shadow minister, even though she has written to you, and we have a letter here dated 31 July. Can you confirm now that you will allow the shadow minister to be briefed by Mr Duffy, as per her request, within the next two weeks?

**The Hon. D.G. PISONI:** We dealt with this issue at a previous session, Chair.

**The CHAIR:** That is your response, minister?

**The Hon. D.G. PISONI:** Yes.

**The Hon. Z.L. BETTISON:** Chair, we hear now that the shadow minister has not had a briefing from the chief executive from the Department for Industry and Skills. I ask the minister for a commitment that this can occur in the near future.

**The Hon. D.G. PISONI:** I refer to my previous answer.

**The Hon. Z.L. BETTISON:** So that is no. I refer to Budget Paper 3, Budget Statement, page 31, table 2.8, operating expenses. The allocation of industry and skills shows \$528 million for 2018-19, falling to \$475 million in 2019-20, down to \$473 million in 2020-21, then up again to \$488 million in 2021-22. I understand that the table annotations are that major changes reflect machinery of government changes from 1 July 2018. Can you list the changes made to industry and skills and explain why the amount reduces in year 2 and then increases again?

**The Hon. D.G. PISONI:** My understanding is that the session for questions on the Department for Industry and Skills generally has now been completed and now the focus is on small business?

**The CHAIR:** That is correct, minister. We did industry and skills.

**The Hon. Z.L. BETTISON:** Is this not a session for small business?

**The CHAIR:** But the budget lines remain open, although I would encourage questions to relate to small business.

**The Hon. Z.L. BETTISON:** Obviously there is not a separate section apart from the Commissioner for Small Business, so all aspects of industry and skills would impact—what did you say—143,000 small business that we have in South Australia. Why the differences here?

**The Hon. D.G. PISONI:** Could I have that question again? I am not quite sure it fits in with small business.

**The CHAIR:** Repeat the question for clarification, please, member for Ramsay.

**The Hon. Z.L. BETTISON:** We are looking at operating expenses on page 31. There are significant adjustments as to the expenses proposed going forward. Why does the amount reduce in year 2 and then go back up.

**The CHAIR:** Member for Ramsay, is there a particular line or agency you are referring to on page 31?

**The Hon. D.G. PISONI:** I think we will probably need to get back to you with the detail you are after there. Some of the small business programs are in Treasury, so that really should have been asked of the Treasurer. We will see what we can extrapolate from the information that was specific to small business and get back to you.

**The Hon. Z.L. BETTISON:** So you will take that on notice and come back?

**The Hon. D.G. PISONI:** Yes, we will take that on notice.

**The Hon. Z.L. BETTISON:** Thank you, minister. I refer to Budget Paper 5, page 103 and farm debt mediation. The agency's note here states, 'Funding from the scheme has been provided by a reallocation from within existing departmental resources.' What has been cut to pay for this scheme?

**The Hon. D.G. PISONI:** There is a savings target for all departments. It first appeared in the member for West Torrens' final Mid-Year Budget Review. There is then a smaller, additional savings target that is in the budget that was brought down by Mr Lucas on 4 September. As for the specifics of the staffing, that is a matter for the chief executive; it is not something I get involved in.

**The Hon. Z.L. BETTISON:** Will the fees be applied to parties to mediation?

**The Hon. D.G. PISONI:** I am advised that there is a fee of \$195 per party per day, but the Small Business Commissioner does have the discretion to waive it.

**The Hon. Z.L. BETTISON:** Did I hear you say \$195 per farmer per day?

**The Hon. D.G. PISONI:** It is \$195 per party to participate in the process. As I said in my earlier answer, there is discretion for the Small Business Commissioner to waive that fee.

**The Hon. Z.L. BETTISON:** What is the actual cost to do the mediation? To come up with the fee of \$195, I imagine, only contributes to a proportion of the cost. What is the cost for the agency?

**The Hon. D.G. PISONI:** For those specific sorts of details, I think that we will need to—

**The Hon. Z.L. BETTISON:** I think the commissioner might know the answer.

**The Hon. D.G. PISONI:** We will bring that back.

**The Hon. Z.L. BETTISON:** Prior to the scheme being put in place, the farming code was prescribed under the Small Business Commissioner Act. It provided the commissioner with extensive

powers to instigate alternative dispute resolution processes. How many requests for mediation assistance were received under that process?

**The Hon. D.G. PISONI:** We will have to get back to you on the specific detail. We certainly have the processes and resources in place now to deal with those matters but, as far as the specifics, that is something we will bring back to you.

**The Hon. Z.L. BETTISON:** Is the process that you start with dispute resolution and then you go to mediation? Is it a staged process when someone comes to you for help, and will that continue?

**The Hon. D.G. PISONI:** Just because somebody comes to the Small Business Commissioner for help does not necessarily mean that they continue with that request. It may well be that, on first contact with the Small Business Commissioner, they then decide that the issue they have raised can be dealt with in another way. Basically, the Small Business Commissioner is there if they wish to pursue the process through to resolution, but just because something is started does not necessarily mean that the Small Business Commissioner is involved right through the process.

**The Hon. Z.L. BETTISON:** Are there any costs associated with your current alternative dispute resolution process? Do you ask people to pay, like you would with farm mediation?

**The Hon. D.G. PISONI:** Most of the engagement is dealt with internally. Occasionally, people may need to be brought in from outside, in which case the fee may very well be charged.

**The Hon. Z.L. BETTISON:** Just to clarify, I heard you say earlier, minister, that people come in needing different levels of support. The process is that you look for alternative dispute resolution, which, if you can do it in-house, does not cost the farmer anything, but if you go to mediation that is when they are required to pay; is that correct?

**The Hon. D.G. PISONI:** The Small Business Commissioner has the ability to waive that requirement. For the member's benefit, I will run through the process. The core business of the Office of the Small Business Commissioner is to ensure a fair and competitive operating environment for South Australia's small businesses. A no or low-cost dispute resolution service is offered to businesses in dispute with other businesses or local or state government.

In addition to the 3,284 inquiries managed by the Office of the Small Business Commissioner in the 2017-18 financial year, the office closed 323 cases, of which 25 were closed through formal mediation conducted by one of the nine independent and accredited mediators who sit on the commission's panel. At any one time, the Office of the Small Business Commissioner has 80 to 100 active disputes under management. During the 2017-18 year, the Office of the Small Business Commissioner took on 279 new cases and closed 323 cases.

The success rate of cases closed increased slightly, from 55 per cent in 2016-17 to 58 per cent. The number of cases with a successfully resolved outcome was 186, an increase of 23 per cent from the previous year. There are some figures here that I am happy to share with you. The number of cases closed and successfully resolved in 2016-17 was 151, which is 55 per cent. In 2017-18, it was 186, which is 58 per cent. Assistance provided was 24 per cent and 23 per cent in 2017-18. There were some unsuccessful outcomes, 58 in 2016-17 and 63 in 2017-18.

**The Hon. Z.L. BETTISON:** Thank you, minister. I acknowledge the good work of the commissioner for small business. How many requests has the commissioner received since 1 July under the new scheme?

**The Hon. D.G. PISONI:** Since 1 July this year?

**The Hon. Z.L. BETTISON:** This year, 2018. The farm mediations come through, how many requests have you received going back to 1 July?

**The Hon. D.G. PISONI:** Farm mediation requests?

**The Hon. Z.L. BETTISON:** Let me rephrase: from 1 July this year, how many new resolutions have come through?

**The Hon. D.G. PISONI:** In small business?

**The Hon. Z.L. BETTISON:** Yes. You moved from having the farm mediation coming in because we just passed the legislation.

**The Hon. D.G. PISONI:** My understanding is that farm mediation is a new role for the Small Business Commissioner. I am advised that there have been no formal applications from farmers. However, there is no doubt that we have the banks running scared because two of them have contacted the Small Business Commissioner to seek details on how the mediation works.

**The Hon. Z.L. BETTISON:** You mentioned that you supported 279 new cases in 2017-18, but on page 141 you have projected only 200 inquiries. How did you arrive at this number? Why are there fewer?

**The Hon. D.G. PISONI:** Can we have that reference again, please?

**The Hon. Z.L. BETTISON:** It is Budget Paper 4, Volume 3, page 141.

**The Hon. D.G. PISONI:** What line are you referring to?

**The Hon. Z.L. BETTISON:** My understanding is that on that page is some information about the projected number of inquiries that you are expecting. It is on the bottom of page 141: Farm Debt Mediation Act, number of enquiries, new indicator.

**The Hon. D.G. PISONI:** Yes, and your question is?

**The Hon. Z.L. BETTISON:** It is Budget Paper 4, Volume 3.

**The Hon. D.G. PISONI:** Yes, but what is your question about the 200?

**The Hon. Z.L. BETTISON:** How did you arrive at that figure? It seems somewhat less than the cases you spoke about earlier.

**The Hon. D.G. PISONI:** Obviously, this is from a standing start, so the estimate was based on the best information that the Small Business Commissioner was able to provide, based on his experience. I join with you in congratulating him on his work. We can only really use the experience that has been gained through the work that the commissioner has done in the past. It is a new option for farmers and banks in order to deal with issues that have arisen through to funding models or farm debt, of course. I think it is fair to say that it is an estimate, or a projection, based on the experience of the Small Business Commissioner.

**The Hon. Z.L. BETTISON:** I refer to the same budget paper, page 142, number of events/training sessions. The estimated result in 2017-18 is 27. Your projection is for only 15 events. Why has this number almost been halved?

**The Hon. D.G. PISONI:** I think it is fair to say that many more people are now aware of the Small Business Commissioner's work than they were in previous years, so there has been a realignment of the way we are using resources. Again, based on advice we have received from the Small Business Commissioner, it is proposed to run 15 events rather than the 27. Because of John's work in particular, the commission has broadened its appeal as being approachable for businesses; they see that they are getting outcomes.

Certainly, under this government, we are also seeing interest in what the Small Business Commissioner is presenting to the government in order to find solutions and eliminate some of the barriers that small business might be experiencing and, of course, sharing their experiences. Yes, I was in small business for 22 years, but that was more than 12 years ago. Things have changed a lot in that time.

**The Hon. Z.L. BETTISON:** Minister, are you concerned that he will be less outward looking? My understanding is that the Small Business Commissioner was seen as being very active, very open and approachable by going out to see people. Are you concerned that by attending fewer events will mean he is more insular?

**The Hon. D.G. PISONI:** No, not at all. The government, through the Department for Industry and Skills, has been much more focused on connecting with small business. The government has never had engagement with the small business sector such that it has had since the change of

government. Particularly since I have been minister, it is something I have a personal interest in and continually engage in.

A week does not go by when I do not visit a number of businesses to understand their issues. Interestingly, a lot of their issues are about the regulatory environment, the ability to get the right skills for their business and the cost of doing business. So yes, it may have been necessary under a government that had its roots in the trade union movement but, for a government that has its roots in the business sector—

**The Hon. Z.L. BETTISON:** What a solid movement that is.

**The Hon. D.G. PISONI:** —it is fair to say that there is a much broader connection with business in general than there has previously been throughout government over the last 16 years.

**The Hon. Z.L. BETTISON:** Thank you for your reflection. I think we have to agree to disagree. The events were incredibly important, and I am disappointed to see that they have reduced.

Turning to Budget Paper 4, Volume 3, page 131, I note that in Program 1: Industry, one of the highlights is that the department 'supported 1,300 small businesses to build business capability, address identified growth and competitiveness issues', but I do not see that this is a target for 2018-19. This is not specific to the Small Business Commissioner because this is about small business. Why is this not a target? Do you think that you will provide less support for businesses? What are you going to do to continue to support them to build capability?

**The Hon. D.G. PISONI:** The first thing that we are doing, which has been evident in the business confidence surveys, is that we are moving the levers of government. One of the things about being a small business state, as we are here in South Australia—we have 143,000 small businesses and about 94,000 of them do not have any employees—is that when businesses are that small they can respond very quickly to changes in government policy.

With the increase in the number of hours that are worked in South Australia and with reports of significant increases in business confidence, we have seen couples or sole traders who run their businesses making decisions in the evenings and acting on them the very next day. It is something that a small business has the advantage of doing.

Obviously, with a branch office of a bigger business, or a much bigger business that is run by a board, you have to wait until the next board meeting or go over to Sydney and say, 'The environment is changing in South Australia. I think we need to change our strategy. We need to respond to that so we can grow our business and take advantage of the business changes.' Those changes take a lot longer. We have been fortunate in South Australia that small business has responded very quickly to the moving of the policy levers in favour of small business and reducing the cost of doing small business. I refer to the bottom of page 133 under activity indicators, where we have a figure of 1,200 for the 2018-19 projection.

**The Hon. Z.L. BETTISON:** Which page, minister?

**The Hon. D.G. PISONI:** Page 133; it is the third line from the bottom. The figure is 1,200 under the 2018-19 projection column.

**The Hon. Z.L. BETTISON:** Minister, can you detail the programs that will build this business capability?

**The Hon. D.G. PISONI:** We will need to get back to you on that.

**The Hon. Z.L. BETTISON:** You do not know the names of the programs? Obviously if you have a target of 1,200 small businesses, that would be quite a substantial program.

**The Hon. D.G. PISONI:** There are a number of programs. We will get back to you with the names of those programs and any other relevant information that we can add to answer your question.

**The Hon. Z.L. BETTISON:** I move to Budget Paper 5, page 10, regarding the Economic and Business Growth Fund. In our last session you made it very clear that the Northern Economic Plan is dead. Will there be ongoing funding to support the outcomes of this program to continue supporting the north from the Economic and Business Growth Fund? You mentioned some projects

that you were not able to detail, but do you see that there will be access to the Economic and Business Growth Fund to continue the support of the north?

**The Hon. D.G. PISONI:** Chair, I am not quite sure that that question is in order. I did not say any such thing, that the program was dead. They were the words of the member for Ramsay. I am happy for you to give her the opportunity to rephrase the question, or I simply will not answer it if she is not prepared to stay within standing orders.

**The CHAIR:** Thank you, minister. I might give the member for Ramsay the opportunity to rephrase the question. While she is doing that, I will go to the member for MacKillop, who has a question.

**Mr McBRIDE:** Thank you, Mr Chairman. The topic is local business involvement in large government contracts, and I refer to Budget Paper 4, Volume 3, page 137. What is the government doing to help small to medium-sized South Australian business provide goods and services to get involved in larger contracts?

**The Hon. D.G. PISONI:** This is something that the government started work on prior to the election. We are very pleased that Ian Nightingale has been very enthusiastic about bringing it forward. I thank the member for his question. Being an old tradie, he is very interested in all things practical. We think the policy moving forward is very practical for South Australian business.

As part of the Marshall Liberal government's election commitment to review aggregated contracts, the government will identify large procurements that can be broken into smaller components. It is important to put this into perspective because it affects regional members disproportionately, I think. We know there have been a number of small jobs—small road maintenance jobs and other small infrastructure jobs—in regional South Australia. Instead of going out locally for the tender, the previous government decided to group a project that was happening in Port Augusta with a project that was happening down in Mount Gambier with another project that was happening in your electorate, sir, in Flinders, and a project that was happening up in Whyalla.

They put it out to tender for one contractor to tender for it. That made the contract too big for many of the smaller operators here in South Australia, who just want the opportunity to grow. They do not want to be subcontractors. They want to be the contractors that get the contract in the first place so they can be in total control of the contract and can be judged on their performance, grow their business and employ more South Australians. Instead, under the previous government, they were left with picking up the crumbs. In other words, they could apply to be the subcontractor, where they are the price takers not the price makers.

This will increase competition levels between suppliers and allow local businesses, which may not have sufficient scale to fit the entire procurement tender, as I described earlier, member for MacKillop, to take on the smaller parcels of work. In assessing any proposal, value for money will still need to be demonstrated to ensure that public moneys are being used effectively. Of course, that is part of the role the Industry Advocate is working on to make sure that we can get that balance right.

The aggregation of contracts creates a real risk of excluding small to medium businesses and limits the capacity for them to grow, as I mentioned in my earlier remarks. Of course, we know that we are a small business state here in South Australia, so the more opportunities that we can offer small business as a government, which is a very large purchaser of services—particularly in the area of health, particularly in the area of construction—and the more we can do as a government to open up those opportunities for smaller businesses, the stronger our private sector economy will be.

**The CHAIR:** The member for Ramsay.

**The Hon. Z.L. BETTISON:** Thank you very much. I draw our attention to Budget Paper 4, Volume 3 and page 133. You know that I have a particular interest in the Northern Economic Plan, a key part of which was the Small Business Development Fund. The performance indicators are quite reduced for this year. The estimated result for 2017-18 was 76. The number of businesses supported reduces to just 15. Why are you reducing it by such a rapid amount? Perhaps I can move on; you obviously do not have the answer.

**The Hon. D.G. PISONI:** No, we do have the answer. On 28 January 2016, the former government announced the establishment of the Small Business Development Fund. The fund was set up to target small businesses and start-ups in the Playford, Port Adelaide Enfield and Salisbury council areas through two competitive grant programs: a start-up program and an expansion grant program.

In 2017-18, 76 businesses were offered funding agreements totalling \$3.75 million, which was expected to create 227 new jobs. In fact, 231 new jobs were reported in 2017-18 by 79 businesses: 30 start-ups and 49 expansions, which received \$3.8 million over the life of their products from those reports received. All businesses continue to operate, except for one expansion grant recipient who has gone into liquidation. Total grant payments as of 30 June 2018 were \$7.75 million, and total other expenditure within the Small Business Development Fund from 30 June 2018 was \$300,000.

We do not plan to continue this fund because we have stopped the 30 different buckets, which I spoke about earlier, and the specific types of funds set up by the previous government because some of them were oversubscribed, some of them were undersubscribed, and we have the three different funds that we are offering. One is specifically for regional South Australia, which I spoke about earlier, and one is for start-ups, which many of these businesses would be able to access, and then one for broader economic benefit.

All businesses within South Australia will benefit from the new state government's commitment to creating a competitive business environment. It goes back to those points I made earlier, that there has been a much broader focus on lowering barriers for all businesses in South Australia. Obviously, in order to do that you have to reduce the cost for every business. Although it might be a great photo opportunity for a Labor minister to go out to a business handing over a cheque—

**The Hon. Z.L. BETTISON:** Chair, we have had this repetitive answer before. I have a specific question about the Small Business Development Fund.

**Ms COOK:** I think the northern suburbs MPs over there would be keen to hear more about the northern programs, don't you?

**The CHAIR:** There are a lot of people talking at the moment. The minister has the call and he has been asked a question by the member for Ramsay, and he can answer it as he chooses. If you have a point of order to raise, you should do that as appropriate. Continue, minister.

**The Hon. Z.L. BETTISON:** My point of order is repetition.

**The CHAIR:** I will listen carefully.

**The Hon. D.G. PISONI:** I admit that I would be the first person who would love to have a photograph with a business handing over a cheque. I am not shy when it comes to that sort of thing, but there is not a lot of media interest in businesses that have employed someone extra because their payroll tax threshold has risen or because all of a sudden their emergency services levy has halved or they are selling more products—

**The Hon. Z.L. BETTISON:** Chair, point of order.

**The CHAIR:** Point of order, member for Ramsay.

**The Hon. D.G. PISONI:** —because there is more confidence in the economy.

**The Hon. Z.L. BETTISON:** It is 128.

**The CHAIR:** Minister, there is a point of order. The member for Ramsay.

**The Hon. Z.L. BETTISON:** It is 128 and it is relevance. I asked a specific question about the Small Business Development Fund. I have an additional question on that fund, but we are talking about photo opportunities and payroll tax. I would like to go back to the substance of the question.

**The CHAIR:** Minister, can you come back to the focus of the question, please.



**The Hon. D.G. PISONI:** Of course. What I am talking about is germane because it is a difference in ideology.

**The CHAIR:** You will be tying it into the question asked.

**The Hon. D.G. PISONI:** Of course, sir. I think it is fair to say that everybody enters politics for the same outcome, and that is for a better South Australia, but the politics is in how to achieve it. The left think it is achieved by higher taxes—

**The Hon. Z.L. BETTISON:** Chair, I have—

**The CHAIR:** Minister, there is a point of order and I take the point of order. I ask the minister to direct his response back to the question asked, please.

**The Hon. D.G. PISONI:** I would argue that this is actually a policy decision, the change in the funding arrangements, for businesses and the Small Business Development Fund. It was a policy decision, so it is germane for me to be talking about policy differences between the left and the right in politics. This happens all the way around the world, not just in South Australia. There is the big government model, which is the socialist model—

**The Hon. Z.L. BETTISON:** Chair, please!

**The CHAIR:** I understand that, minister, but I have asked you twice already to bring your comments back to the question asked. Please, minister, do that.

**The Hon. D.G. PISONI:** —and there is the small government model, which is the model that this side of government is implementing, and that is lower taxes, more opportunities for individuals—

**The Hon. Z.L. BETTISON:** Chair, this is ridiculous. He is not listening to you.

**The CHAIR:** You have made that point, minister, thank you. Next question, please, member for Ramsay.

**The Hon. Z.L. BETTISON:** Thank you. As I have spoken about, my question was about the number of businesses to be supported by the Small Business Development Fund. There is a considerable difference between 2017-18 and 2018-19. When this fund concludes at the end of this financial year, will you have expended the \$10 million that was for the Small Business Development Fund for northern Adelaide?

**The Hon. D.G. PISONI:** Obviously there has been a change in emphasis and a change in government policy—

**The Hon. Z.L. BETTISON:** You have had a cut, so you will not get the \$10 million?

**The Hon. D.G. PISONI:** Mr Chair, if I may—

**The CHAIR:** Member for Ramsay, you have asked the question. We have been through this a couple of times. The committee members have the opportunity to ask a question, the minister then responds in whatever fashion he desires and the committee makes of that response what it will. You have asked your question and the minister will respond. The minister has the call.

**The Hon. D.G. PISONI:** There are grants available of up to \$20,000 for new businesses and start-ups, and there are grants of \$10,000 to \$100,000 to support existing businesses to expand and create jobs. That money will still be available through a different process. It will not be Labor's program; it will be the Liberal Party's program because we are the government.

We are very focused on supporting small business. There has been a reprofiling of how that money is given to business. There is a lot of interest from government members about some of the failures when government handed out money based on a system that does not aim to reduce the cost of doing business for everybody. When you pick some people to help, others have to pay for it. Our reprofiling is about getting the balance right. I know that concerns members on our side of the house.

**The CHAIR:** The minister has further information on that? No.

**The Hon. Z.L. BETTISON:** Minister, I just want to go back to the indicators. If you deliver on the performance indicator of supporting 15 businesses through the Small Business Development Fund, how much would be expended from this fund? You may have cut it from the \$10 million, but can you give me an indication of how much you expect to expend in this fund?

**The Hon. D.G. PISONI:** It is interesting that the member was a minister in a government that brought down a Mid-Year Budget Review that had massive cuts to government departments and funding grants that were not continued beyond 2017-18. Basically, where we are at with—

**The Hon. Z.L. BETTISON:** This one was.

**The Hon. D.G. PISONI:** As at 30 June, the total grant payments were \$7.75 million. I approved the assessment of applications for round 13, which were received by the department in May 2018. Round 13 will be the last round of the Small Business Development Fund. No decision has been made on the reallocation of the remaining funding, but it will be available for the government's agenda in small business.

**Ms LUETHEN:** I refer to Budget Paper 4, Volume 3, page 137. I have a question that many small business owners in King have asked me: what is the government doing to help businesses get a fair share of government work?

**The Hon. D.G. PISONI:** Thank you, member for King. You can understand why we call her 'the Queen of King'. She is on top of all the issues in her electorate. There are a lot of small businesses in King, and a lot of people are engaged in the private sector. As part of the Marshall Liberal government's election commitment to review aggregated contracts, the government will identify large procurements that can be broken down into smaller components. This will increase the level of competition between suppliers and allow local businesses to participate. In assessing any proposal, value for money will continue.

The aggregation of contracts creates risk of excluding small businesses. As such, the government is working with Mr Nightingale and we are committed to increasing the level of local involvement in government procurement. We want to ensure that South Australian businesses have every opportunity to be involved in the supply of goods and services.

The Connecting with Business Program, which is run by the Office of the Industry Advocate, has been identified as an opportunity. We are working on improving the process of connecting businesses in a different manner and removing the bureaucratic process that they need to go through when tendering for government contracts. We are setting up a single entry point for businesses because the information that is repeatedly asked for from businesses every time they put a contract in takes quite some time and is an enormous cost burden for small businesses to administer. Mr Nightingale has been using existing resources to set up a single point where businesses can register that information. It is estimated that it will save a significant amount of money.

We have seen 2,343 businesses use the Product Register this year, which is a process that we are now building on to make it easier for those businesses to tender for contracts. From memory, about \$167 million is burnt up every year on the preparation work that South Australian companies need to go through in order to prepare the financial documents and other documents that are needed for the tender process. We are hoping that our system will enable them to do that once, but that obviously it can be updated as things change, and that it will be available to all departments when they put out tenders.

It is estimated that it will save businesses a couple of days when they prepare their tenders. It is a very exciting program and I congratulate Ian on the work he is doing in relation to that. It has certainly been welcomed in the construction sector in particular as an improved opportunity for those smaller contractors to participate in government procurement.

**The Hon. Z.L. BETTISON:** I refer to Budget Paper 4, Volume 3, page 141. Looking at total expenses, the line shows an increase of \$300,000 in total expenses from 2016-17, which I understand is due to the commencement in 2017-18 of an ongoing education campaign on amendments to the Building and Construction Industry Security of Payment Act 2009. Given our proposed amendment bill lapsed in the previous parliament, can the minister explain what amendments are the subject of this education campaign?

**The Hon. D.G. PISONI:** The building and construction industry represents the third largest industry in South Australia. The Building and Construction Industry Security of Payment Act 2009 was designed to assist those who work in this sector, particularly contractors and subcontractors, who have too frequently experienced delays in receiving payment or received no payment at all. The act became operative on 10 December 2011 and provides a mechanism for rapid adjustment for payment disputes in the building and construction industry.

When the act was reviewed by Mr Alan Moss, a retired District Court judge, submissions received advised that many participants in the building and construction industry were either unaware of the act or unsure how the associated process works and recommended that government and industry bodies should do more to promote the use of the act. Subsequently, the Office of the Small Business Commissioner provided assistance to industry bodies to promote the act and educate building and construction industry participants in its use.

The Small Business Commissioner invited a number of industry bodies in the building and construction industry to submit a formal proposal to deliver this initiative, including the Air Conditioning and Mechanical Contractors' Association, the Australian Subcontractors Association, the Civil Contractors Federation, the Housing Industry Association, the Master Builders Association, the Master Plumbers Association, and the National Electrical and Communications Association. These are all the South Australian divisions or branches of those organisations.

Funding up to \$10,000 for each industry body is available to assist with the implementation of the initiative for the 2018-19 financial year. All industry associations submitted requests for a proposal outlining how the associations would promote the act and educate parties. One association has since requested that their application be withdrawn from consideration. The procurement process is being undertaken by the Office of the Small Business Commissioner in conjunction with the Department for Industry and Skills.

**The Hon. Z.L. BETTISON:** What was the Small Business Commissioner's advice to the minister regarding the reintroduction of the amendment bill?

**The Hon. D.G. PISONI:** Basically, a number of amendments were proposed. The purpose of the Murray review was to identify best practice with a view to improving consistency and security of payment legislation and a level of protection for subcontractors nationally. The Murray review makes 86 recommendations, which, if adopted, would involve further changes to the act.

The Small Business Commissioner is currently undertaking consultation on the Murray review with a wide range of industry stakeholders. All parties who were consulted previously on the proposed changes in the bill, including the authorised nominating authorities, have been invited to provide feedback to the recommendations. The Small Business Commissioner will continue to work collaboratively with the Department of Planning, Transport and Infrastructure to support the Minister for Transport, Infrastructure and Local Government as the South Australian representative on the COAG Building Ministers' Forum.

Once the consultation is complete, I will request the Small Business Commissioner to prepare advice on the recommendations of the Murray review and whether any further amendments are required.

**The Hon. Z.L. BETTISON:** Minister, in your incoming brief on 22 March, I understand that the advice was that the bill be reintroduced. Why did you ignore that advice? Would it be true that, had we had that amendment, it could have supported some of the building companies that have since collapsed? I understand you were given the advice to reintroduce it and you did not do it and now South Australians have suffered.

**The CHAIR:** Member for Ramsay, can you remind me what budget line we are referring to?

**The Hon. Z.L. BETTISON:** Budget Paper 4, Volume 3, page 141.

**The Hon. D.G. PISONI:** The advice I have been given is that we were waiting on the outcomes of the Murray review. That was the recommendation of the Small Business Commissioner because additional issues were raised in the Murray review, so the consultation needed to start again

in order to deliver that. The last thing we wanted to do was continue with the bill when there is actually new information out of the Murray review that needs to be consulted.

**The Hon. Z.L. BETTISON:** Minister, have you been lobbied by individuals or industry bodies not to reintroduce this bill?

**The Hon. D.G. PISONI:** I certainly do not recall being lobbied.

**The Hon. Z.L. BETTISON:** Did you also not take the commissioner's advice regarding another lapsed bill in relation to the retail and commercial leases act?

**The Hon. D.G. PISONI:** Could you give me the question again.

**The Hon. Z.L. BETTISON:** What was the commissioner's advice regarding another lapsed bill in relation to the Retail and Commercial Leases Act?

**The Hon. D.G. PISONI:** I am certainly not going to share the commissioner's advice with the committee because it is still being considered and consulted. I am sure that when that process is finished, the bill will be introduced into the parliament.

**The Hon. Z.L. BETTISON:** Can you give me a proposed time line, minister?

**The Hon. D.G. PISONI:** No, I cannot give you a proposed time line at this stage. This was a bill on which the previous government had kicked the can along for a number of years, I believe. I think it is extraordinary that the member thinks that within six months we need to undo the mess of the previous government's 16 years.

**The CHAIR:** The member for Hurtle Vale, I understand, is to read the omnibus. Proceed.

**Ms COOK:** The omnibus questions are:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors with a total estimated cost above \$10,000, engaged between 17 March 2018 and 30 June 2018 by all departments and agencies reporting to the minister, listing the name of the consultant, contractor or service supplier, the estimated total cost of the work, the work undertaken and the method of appointment?

2. Will the minister provide a detailed breakdown of the forecast expenditure on consultants and contractors with a total estimated cost above \$10,000 for the 2018-19 financial year to be engaged by all departments and agencies reporting to the minister, listing the name of the consultant, contractor or service supplier, cost, work undertaken and method of appointment?

3. For each department and agency for which the minister has responsibility:

- (a) How many FTEs were employed to provide communication and promotion activities in 2017-18 and what was their employment expense?
- (b) How many FTEs are budgeted to provide communication and promotion activities in 2018-19, 2019-20, 2020-21 and 2021-22, and what is their estimated employment expense?
- (c) The total cost of government-paid advertising, including campaigns, across all mediums in 2017-18 and budgeted cost for 2018-19.

4. For each grant program or fund the minister is responsible for please provide the following information for the 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 financial years:

- (a) The name of the program or fund;
- (b) The purpose of the program or fund;
- (c) Balance of the grant program or fund;
- (d) Budgeted (or actual) expenditure from the program or fund;
- (e) Budgeted (or actual) payments into the program or fund;
- (f) Carryovers into or from the program or fund;

- (g) Details, including the value and beneficiary, of any commitments already made to be funded from the program or fund; and
  - (h) Whether the grant was subject to a grant agreement as required by Treasurer's Instructions 15.
5. For the period of 17 March 2018 and 30 June 2018, provide a breakdown of all grants paid by the department/agency that report to the minister, including when the payment was made to the recipient, and when the grant agreement was signed by both parties.
6. For each department and agency reporting to the minister:
- (a) The total number of FTEs in that department or agency;
  - (b) The number of FTEs by division and/or business unit within the department or agency; and
  - (c) The number of FTEs by classification in each division and/or business unit within the department or agency.
7. For each department and agency reporting to the minister, could you detail:
- (a) How much is allocated to be spent on targeted voluntary separation packages in 2018-19?
  - (b) How many of the TVSPs are estimated to be funded?
  - (c) What is the budget for TVSPs for financial years included in the forward estimates (by year), and how are these packages to be funded?
8. For each department or agency reporting to the minister in 2018-19 please provide the number of public servants broken down into headcount and FTE's 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.
9. Between 30 June 2017 and 17 March 2018, will the minister list the job title and total employment cost of SA executive positions—(1) which has been abolished and (2) which has been created?
10. Between 17 March 2018 and 30 June 2018, will the minister list the job title and total employment cost of SA executive positions—(1) which has been abolished and (2) which has been created?
11. For each year of the forward estimates, please provide the name and budget for each individual program administered by or on behalf of all departments and agencies reporting to the minister.
12. For each year of the forward estimates, please provide the name and budgeted expenditure across the 2018-19, 2019-20, 2020-21, 2021-22 financial years for each individual investing expenditure project administered by or on behalf of all departments and agencies reporting to the minister.
13. For each department or agency reporting to the minister how many surplus employees are there at 30 June 2018 and for each surplus employee, what is the title or classification of employee and the total cost of the employee?

**The CHAIR:** We will now move to questions focused on science and information economy.

**Departmental Advisers:**

Mr M. Duffy, Chief Executive, Department for Industry and Skills.

Ms P. Chau, Executive Director, Strategy and Business Services, Department for Industry and Skills.

Mr A. Reid, Executive Director, Industry, Innovation, Science and Small Business, Department for Industry and Skills.

Mr A. Dunbar, Director, Office of Science, Technology and Research, Department for Industry and Skills.

Mr M. Smith, Acting Director, Finance, Department for Industry and Skills.

**The CHAIR:** Minister, I invite you to make an opening statement, should you wish, in relation to the science and information economy and also introduce your advisers.

**The Hon. D.G. PISONI:** I will introduce my advisers. To my immediate left is Mark Duffy, Chief Executive of the Department for Industry and Skills. To his left is Phuong Chau, Executive Director of Strategy and Business Services in the Department for Industry and Skills. On my right is Adam Reid, Executive Director of Industry, Innovation, Science and Small Business in the Department for Industry and Skills.

**The CHAIR:** Does the lead speaker for the opposition wish to make a statement?

**The Hon. Z.L. BETTISON:** No, straight to questions.

**The CHAIR:** You have the call, member for Ramsay.

**The Hon. Z.L. BETTISON:** I draw your attention to Agency Statements, Budget Paper 4, Volume 3, page 131 in regard to Lot Fourteen. Minister, you are looking at a very exciting, forward-thinking area. Which members of the private co-working sector did you consult prior to the announcement of Lot Fourteen?

**The Hon. D.G. PISONI:** You are asking about the policy development of the Liberal Party. That is not something I am responsible for as minister.

**The Hon. Z.L. BETTISON:** Minister, perhaps I can further detail to you my concerns in regard to this. I have been advised that there are more than 30 co-working businesses in South Australia. It is the highest number per capita in Asia. Do you have any concerns about a crowding-out effect on private capital expenditure that this hub may have on other co-working spaces?

**The Hon. D.G. PISONI:** This is the whole problem with the Labor Party. They think that the pie cannot grow; they think they can only keep taking bigger pieces. Particularly when it comes to tax, instead of growing the pie—

**The Hon. Z.L. BETTISON:** Chair, this is a ridiculous line of answering.

**The Hon. D.G. PISONI:** —and there being a bigger economy and more business opportunities here in South Australia, they think that it is contracted and you can only take larger pieces of the pie. That is the mess that the previous government left South Australia that we are fixing. We have a growth agenda for South Australia.

**The CHAIR:** Minister, you have made that point a number of times today. Thank you for that. Could you return to the question asked, please.

**The Hon. D.G. PISONI:** With all due respect, sir, it was a very broad question when it comes to the economics of how the hub will work. We believe that the hub will work because it will generate job opportunities and growth in the business sector in South Australia. The entire government policy is based on business growth, unlike those opposite who think that you have to make do with what you have. Their policy shifts have all been about taking more tax, a bigger piece from the same pie. We are growing that pie. We have had an enormous—

**The Hon. Z.L. BETTISON:** Point of order: 127, Chair.

**The CHAIR:** Yes, I take the point of order. Minister, you have answered the question.

**The Hon. D.G. PISONI:** I will answer the question. We have had an enormous response from the start-up sector about Lot Fourteen and all the other things that we are doing on that site. There is a strong appetite for small business in South Australia.

When I left school and when you left school, sir, it was expected that you would go to work for someone. Younger people these days want more than that. They want to start their own their own business, so the government is gearing up to do that. There is much more demand for people to be in their own businesses, so we are facilitating that process. We are not the creators of wealth as a government: we are the facilitators. Our entire policy is about facilitating the environment in South Australia for new businesses to start up and existing businesses to grow, and the hub is a crucial part of that.

Not one person in the start-up area has raised concerns to me about what the government is doing at Lot Fourteen. As a matter of fact, it is the opposite: they are extremely excited. They can see what is happening in other states. I spoke to the Mayor of Chattanooga, Tennessee, a couple of months ago at lunch put on by the Lord Mayor in Adelaide. The key to their success, they say, is the cluster effect of the innovation sector that they brought together. Chattanooga was an industrial city, a dying industrial city. People could not believe what they had done. The doubters—like we are seeing from the member for Ramsay—were criticising the city of Chattanooga for what they were doing.

**The Hon. Z.L. BETTISON:** Chair, I actually take offence at that. I did not say that I doubted this. I simply asked a question about the knowledge about private investment in this co-working space. I ask him to withdraw.

**The CHAIR:** The member for Ramsey has asked the minister to withdraw his final comment.

**The Hon. D.G. PISONI:** It sounded like she was doubting the government's plan to grow start-up businesses in South Australia.

**The Hon. Z.L. BETTISON:** I ask the minister to withdraw, Chair.

**The Hon. D.G. PISONI:** My assessment was that she was doubting what the government was doing.

**The CHAIR:** Minister, for the sake of the smooth running of this committee—and we have only 55 minutes to go—withdraw the comment and we will move to the next question.

**The Hon. D.G. PISONI:** Considering you have asked, sir, I will withdraw the comment.

**The CHAIR:** Thank you, minister. Next question, member for Ramsay.

**The Hon. Z.L. BETTISON:** Minister, have you actually been to any of the privately run co-working spaces to get a better understanding of how they run?

**The Hon. D.G. PISONI:** Yes.

**The Hon. Z.L. BETTISON:** Do you expect the rents to be charged from the hub to be similar to the market rates paid in other co-working spaces?

**The Hon. D.G. PISONI:** I do not get involved in the commercial transactions of the department.

**The Hon. Z.L. BETTISON:** What is the process by which you will select tenants, both future and current?

**The Hon. D.G. PISONI:** There are two elements. I can answer the question with regard to my responsibility with the start-up hub, but there are other elements managed by Renewal SA and you will need to redirect your questions to the minister responsible for Renewal SA. There is an expression of interest process. I mentioned that on several occasions. That comes to a close on Tuesday, I think. We are very excited about the level of interest we have received. There has been almost a tourist boom in South Australia, with innovators coming to South Australia to look at the work that South Australia is doing. I am surprised the Airport has been able to keep up. It is extraordinary how much interest there has been in the work that the department is doing when it comes to telling the world about the opportunities at Lot Fourteen and here in South Australia.

I would like to give you a picture of the substantial change that is happening in South Australia at the moment. For years, Adelaide has been described as the city of churches. We are building the entrepreneurial cathedral in the middle of Adelaide.

**The Hon. Z.L. BETTISON:** Chair, please, I ask for relevance here.

**The CHAIR:** I will not accept that point of order at this stage, member for Ramsay. The minister is expanding upon a policy position. He is free to do that at this point.

**The Hon. D.G. PISONI:** We are building the equivalent to the entrepreneurial cathedral in the centre of Adelaide, just like we have the beautiful St Peter's Cathedral. We have all these parishes and churches in the suburbs and regions. There will be parishes of entrepreneurial activity right through metropolitan Adelaide and right through South Australia. This is a significant project for South Australia. It will deliver job outcomes and opportunities for entrepreneurs in South Australia.

We are working with the federal government on developing an entrepreneurial-based visa so that those who have those skills can have the ability to come to South Australia to start their entrepreneurial businesses with South Australians to develop and enhance the entrepreneurial activity that is already happening. I am sorry to bore you with the ideology, sir, but this is about a growth agenda as opposed to an agenda controlled by the state.

**The CHAIR:** The member for Newland has the call.

**Dr HARVEY:** My question relates to Budget Paper 4, Volume 3, page 131. Could the minister please advise on what the government is doing to support entrepreneurs and start-ups in South Australia?

**Ms COOK:** Did you listen?

**Dr HARVEY:** We want more.

**Ms COOK:** I think we have heard it.

**Dr HARVEY:** No, there is more. It is a very important area.

**The Hon. D.G. PISONI:** Thank you, member for Newland. As a minister, you are invited to a lot of functions in the research and science sector. Although I am disappointed that I cannot attend myself, I am never disappointed that the member for Newland represents me at those functions, as he has a very strong connection with the sector. He demonstrates how serious the government is about start-ups and entrepreneurship here in South Australia.

The Marshall Liberal government is committed to creating a competitive, dynamic economy that provides new job opportunities, fosters entrepreneurship and strengthens the future of our great state of South Australia. To support this goal, the government has appointed Mr Jim Whalley as South Australia's first Chief Entrepreneur to provide advice and advocate for South Australian entrepreneurs wanting to build and grow their business. Mr Whalley will chair the Entrepreneurship Advisory Board, comprising members from South Australia's business community.

The Chief Entrepreneur and advisory board are donating their time and their entrepreneurial expertise. These are unpaid positions. The thing about this whole industry is that when people are successful they very quickly want to give back. They know that their success has made a big difference to their lives, and they want other South Australians to succeed as well.

The work of the Chief Entrepreneur and the board will be supported by the new Office of the Chief Entrepreneur, which will assume the services previously offered by TechInSA, including business mentoring and coaching, connecting start-ups to sources of capital, hosting workshops and networking events, and promoting the start-up ecosystem. Entrepreneurs, investors and mentors will also benefit from the establishment of the innovation, incubator, start-up and growth hub to be established at the former Royal Adelaide Hospital site, now Lot Fourteen.

The origin of Lot Fourteen is an interesting story in itself. As you know, South Australia was the only free colony. Plots of land were offered for sale in the City of Adelaide and they were described by lot, and of course the location of the old Royal Adelaide Hospital was known as Lot Fourteen. Many people ask: why Lot Fourteen? Well, it goes back to the free entrepreneurial spirit of this colony when it first started as the South Australian Company.

**The CHAIR:** Minister, I will remember that for my next trivia night. Continue.



**The Hon. D.G. PISONI:** Thank you very much. Your guests at the trivia night will be very impressed. Once fully established, the hub will feature up to 650 workspaces and located amongst some of the state's key research institutions, cutting-edge future industries and new and existing cultural facilities on the fringe of the Adelaide Botanic Garden.

**The Hon. Z.L. BETTISON:** Point of order, Chair: this information is very freely available because there was a significant article in *The Advertiser* this morning that I assume the Premier put out. I have more questions to ask, and I would like to keep on with that.

**The CHAIR:** Minister, is this information publicly available, as the member for Ramsay indicates?

**The Hon. D.G. PISONI:** The information that is publicly available has been interpreted by the media. This comes directly from the government. It is information that is up to date and current and describes exactly what the government is doing.

**The CHAIR:** Perhaps, minister, you could provide information that is particularly salient to the question from the member for Newland over the next couple of minutes.

**The Hon. D.G. PISONI:** Thank you, sir. Of course, early activation of the site will enable the hub to begin initial operations before the end of 2018 and gradually expand as the refurbished buildings become available. Remember that the plan the previous government had was for a multi-apartment complex on that site. This is a much more exciting program for South Australia.

The government has also established \$27.9 million over the forward estimates for research, commercialisation and start-up funding. The fund will support South Australian businesses to collaborate with researchers to solve industrial problems, commercialise new products and services, attract research infrastructure investment into the state, support first-time entrepreneurs and encourage the establishment and growth of start-ups. The fund will also partner with organisations to boost capabilities within the local start-up ecosystem through access to entrepreneurial expertise and collaborative activities that facilitate shared learning connections between mentors and aspiring entrepreneurs. It is very, very exciting.

There will be—and this will be of interest to you and the member for Giles—a landing pad for regional South Australia, where entrepreneurs from regional South Australia can come and connect with entrepreneurs from Adelaide. To complement these new initiatives, the Marshall Liberal government has also negotiated a new temporary visa, which I spoke about earlier.

The Marshall government will also support the upcoming SouthStart conference on 21 to 23 November, the state's biggest annual start-up conference that attracts visitors and speakers from interstate and overseas. There is a contribution of \$140,000 in sponsorship towards this event. You can see that we are very serious about entrepreneurship and start-ups here in South Australia.

**The Hon. Z.L. BETTISON:** Minister, once you have picked the winners from this expression of interest that will establish in the hub, will you be able to guarantee that the hub will operate on a competitive neutrality basis?

**The Hon. D.G. PISONI:** I am not sure that that question is in order.

**The Hon. Z.L. BETTISON:** I think that is for the Chair to decide.

**The Hon. D.G. PISONI:** It has commentary in it.

**The CHAIR:** It is not really clear to me exactly what she means.

**The Hon. D.G. PISONI:** I can explain the expression of interest process. It happens virtually every day in other forms. Are we saying that when a tender is successful the government has picked a winner? There is a process for deciding who qualifies for an expression of interest. It has nothing to do with picking winners or picking losers. There is a process. There is no other way of doing it; any other way would raise questions about the process. It is well accepted in the private sector and in the government sector that expressions of interest are a very good way of starting a process for engaging interested parties. And there is more.

**The Hon. Z.L. BETTISON:** Minister, do you believe that the management of an entrepreneurial co-working space is best managed by the Public Service?

**The Hon. D.G. PISONI:** It would be an oxymoron for that to happen.

**The Hon. Z.L. BETTISON:** But that is what is happening.

**The Hon. D.G. PISONI:** I do not know where you are getting your information from, but that is what the expression of interest has all been about.

**The Hon. Z.L. BETTISON:** I said the management of an entrepreneurial co-working space. Is it not Renewal SA and Industry and Skills?

**The Hon. D.G. PISONI:** I will arrange for a briefing for you on—

**The Hon. Z.L. BETTISON:** Fantastic! Can I bring the shadow minister as well?

**The Hon. D.G. PISONI:** —of course you can—

**The Hon. Z.L. BETTISON:** I would be delighted to have a briefing.

**The Hon. D.G. PISONI:** —on the entrepreneurial space and how the expression of interest process works. There will be key anchor tenants who will run the space. It is very much like the centres that are working around Australia and elsewhere. But you are right: it is an oxymoron for the government to run an entrepreneurial centre.

**The Hon. Z.L. BETTISON:** But it is.

**The Hon. D.G. PISONI:** We do not plan to run it—just as we do not plan to try to pick which business is going to be successful and which business is not going to be successful. We are facilitating the process. Ultimately, I will be responsible for what happens in that hub—that is the Westminster system—but it will be managed by those who have been successful in the expressions of interest process.

**The Hon. Z.L. BETTISON:** Still on this area in Lot Fourteen, you have some new tenants: Chamonix IT, Solutions, Myriota and SA Pathology. Were they given discount leases to move to Lot Fourteen?

**The Hon. D.G. PISONI:** I am not responsible for those tenancies; that is Renewal SA. You will need to direct your questions to the appropriate minister.

**The Hon. Z.L. BETTISON:** You do not know whether people were given, I guess, incentives to come—

**The Hon. D.G. PISONI:** I am not responsible for those arrangements.

**The Hon. Z.L. BETTISON:** I move to Budget Paper 4, Volume 3, page 131. I note that the role of chief operating officer of the Office of the Chief Entrepreneur is being advertised publicly. Why is this role offering a salary of nearly \$250,000 while the Chief Entrepreneur is expected to work on a pro bono basis?

**The Hon. D.G. PISONI:** I have had no role in determining who gets paid—that would be most improper—so I cannot answer that question. However, the Chief Entrepreneur is a public servant and obviously requires an office and support in order to do their job. That role is being managed by the department and I am not interfering in that process.

**The Hon. Z.L. BETTISON:** But, minister, you would have set up the strategy around this. You just told me in your previous answer that you are responsible for this; so, you are fully aware of this interesting set up?

**The Hon. D.G. PISONI:** It is not interesting at all. This is common practice around Australia.

**The Hon. Z.L. BETTISON:** To have a pro bono Chief Entrepreneur and a paid chief operating officer?

**The Hon. D.G. PISONI:** Yes, obviously.

**The Hon. Z.L. BETTISON:** Can you give me an example where we have seen this in South Australia?

**The Hon. D.G. PISONI:** The Labor state of Queensland; perhaps you need to visit it and then you can see—

**The Hon. Z.L. BETTISON:** Well, thank you for your travel advice. I will send my bill to you, when I go there, shall I? Will the Chief Entrepreneur be responsible for delivering—

**The Hon. D.G. PISONI:** I just want to clarify that she cannot send her bill to me, sir. Well, she can, but it will not be paid by me or my department. She can send it but it will not be paid.

**The Hon. Z.L. BETTISON:** I am pretty sure that we have that on the record, Chair, that the Minister for Industry and Skills has invited me, as the shadow minister for investment, to visit Queensland.

**The Hon. D.G. PISONI:** At her own expense.

**The CHAIR:** I do not know whether it was an invitation or a suggestion, member for Ramsay.

**The Hon. D.G. PISONI:** It was a suggestion, sir.

**The CHAIR:** A suggestion, I think, yes.

**The Hon. Z.L. BETTISON:** Thank you, Chair, for your clarification. Will the Chief Entrepreneur be responsible for delivering, coordinating and integrating the strategy for the whole of the Lot Fourteen site?

**The Hon. D.G. PISONI:** The responsibility with respect to the Chief Entrepreneur and the board is about the start-up component of Lot Fourteen, which is a very big space, and he will, I suspect, have a role to provide some advice or to have some involvement—certainly being briefed about what Renewal SA is doing in other parts of the site.

In the budget, there is \$30 million for a new culinary school that will incorporate TAFE, the International School of Hotel Management and Cordon Bleu, and bringing that into the city. Obviously that is not a role for the Chief Entrepreneur: Renewal SA is managing that along with my department. There is also the proposal for the gallery, and there are other tenants, some of whom you mentioned earlier. They are the responsibility of Renewal SA. As to the running of the entrepreneurial centre, if you like, that will be the role and the responsibility of the Chief Entrepreneur and his office.

**The Hon. Z.L. BETTISON:** Can I just clarify that obviously you have the role of Renewal SA, you have your Chief Entrepreneur and there are other things. Who is taking complete oversight of this development? Is it Renewal SA? Would that be John Hanlon, who has gone missing?

**The Hon. D.G. PISONI:** There was probably even a gazetted item a number of months ago that explained that the Premier is taking ministerial responsibility for the site and Renewal SA is dealing with the work that is happening on that site.

**The Hon. Z.L. BETTISON:** Who has strategic responsibility for the site under the Premier?

**The Hon. D.G. PISONI:** You know that Renewal SA has an independent board and the government does not direct Renewal SA.

**The Hon. Z.L. BETTISON:** So it is the head of the Renewal SA board who has the ultimate—

**The Hon. D.G. PISONI:** No, the board directs. Questions specifically about the operation of the board you need to direct to Renewal SA.

**The Hon. Z.L. BETTISON:** This is so important to you, as you have just articulated at great length, and very important to the state of South Australia. I am very keen to understand who your Chief Entrepreneur will be talking with because he is going to be responsible for his section but he is obviously going to have strategic advice from others.

**The Hon. D.G. PISONI:** The Premier is the minister responsible for Lot Fourteen.

**The Hon. Z.L. BETTISON:** And underneath him is the chair of Renewal?

**The Hon. D.G. PISONI:** For details about the structure of Renewal SA and how it works, I suggest you refer to the appropriate minister.

**The Hon. Z.L. BETTISON:** Perhaps in our briefing we can take that further.

**The Hon. D.G. PISONI:** I cannot give you that briefing because I am not responsible for it.

**The Hon. Z.L. BETTISON:** You may not be able to answer this: when will the master plan be finalised for Lot Fourteen?

**The Hon. D.G. PISONI:** Again, you will need to direct that question to the minister responsible for Renewal SA.

**The Hon. Z.L. BETTISON:** So you would not know then whether it is going to go to the Public Works Committee of the parliament?

**The Hon. D.G. PISONI:** Again, you will need to direct that question to the minister responsible for Renewal SA.

**The Hon. Z.L. BETTISON:** What role would the Entrepreneurship Advisory Board have in this context? Can you tell me about the decision-making capabilities that they will have?

**The Hon. D.G. PISONI:** The entrepreneurship board has an advisory role only. Decisions will be made via a steering committee. If those decisions are the responsibility of the Minister for Industry and Skills, obviously I will be making those decisions. If it is a policy or a program that requires a decision of the minister responsible for Renewal SA on that site then that decision will be made by that minister.

**The Hon. Z.L. BETTISON:** What will the expected budget be to establish and operate this board?

**The Hon. D.G. PISONI:** The budget for the advisory board?

**The Hon. Z.L. BETTISON:** Yes.

**The Hon. D.G. PISONI:** The advisory board will be operating within the Office of the Chief Entrepreneur and the budget allocation for the Office of the Chief Entrepreneur for the 2018-19 year is \$978,000, so it will be operating within that budget. That is one element of the secretarial resources that will be available through the department for—

**The Hon. Z.L. BETTISON:** Going further to 2019, 2020, 2021, will that be increasing?

**The Hon. D.G. PISONI:** The Office of the Chief Entrepreneur's budget for 2018-19 is \$978,000; for the 2019-20 year, it is \$1.495 million; in 2020-21, it moves to \$1.507 million; and in 2021-22, it moves to \$1.369 million. The total for the forward estimates is \$5.345 million.

**The Hon. Z.L. BETTISON:** Looking at that budget line, how many FTEs will be there? We obviously know that you are advertising for a chief operating officer. Will most of this money be taken up by FTEs?

**The Hon. D.G. PISONI:** There would be seven.

**The Hon. Z.L. BETTISON:** Have you started that recruitment process?

**The Hon. D.G. PISONI:** The department is going through the process of winding down TechInSA, so there is a shift in resources. We will be honouring existing contracts or negotiating with those making the transition. As I said in some of my earlier remarks, there is a similar function—

**The Hon. Z.L. BETTISON:** A replication, perhaps, one might say.

**The Hon. D.G. PISONI:** It is not a replication because we are actually winding down TechInSA. It is a broadening of the entrepreneurial and start-up culture. Unfortunately, TechInSA was restricted to tech entrepreneurs. I am sorry for using this again but, in keeping with the ideology and policy differences between the Labor Party and the Liberal Party, we are not out there deciding which businesses will evolve. That is an organic process and it is dealt with by the private sector and the free market.

In winding down TechInSA while we are transitioning to the Office of the Chief Entrepreneur, we are actually broadening the options for those who wish to participate in the entrepreneurial process. I do not think I am giving anything away, but I was recently judging a competition for small businesses, a number of which have only been operating for a few years. They were all run by entrepreneurs, and of the four finalists only one was a tech-based business.

Obviously, all the other businesses were using technology, but they would not be described as tech businesses. As such, they would not fit within the criteria required by TechInSA to be involved in supporting those start-ups. We have broadened the support for entrepreneurship here in South Australia so it is a much more organic process. Getting back to the comments made by the member for Ramsay, it is an oxymoron for the government to get involved in entrepreneurship; we are just facilitating it.

**The Hon. Z.L. BETTISON:** That will come back to bite you. Can I go to Budget Paper 5, page 100. How many people will cease to be employed when you cut TechInSA?

**The Hon. D.G. PISONI:** None cease to be employed unless they choose to. One person decided they would resign of their own accord. That is a matter for them. There was no condition for that to happen in the transition; it was the choice of the employee.

**The Hon. Z.L. BETTISON:** On page 100, the number of full-time equivalents is 17. How many are currently in TechInSA and how many will go? You have just told me—

**The Hon. D.G. PISONI:** There are seven positions in the Office of the Chief Entrepreneur, and of course—

**The Hon. Z.L. BETTISON:** And how many in TechInSA?

**The Hon. D.G. PISONI:** There is also a very strong emphasis on skills that those people have provided to TechInSA within the department. The Office of the Chief Entrepreneur will not be working in isolation from the department. Our government is not interested in silos. We are encouraging departments to work together within departments. For new members here, Auditor-General's reports year after year told us that, under the previous government, silo cultures developed throughout the public sector. We are about busting those down. We do not think they are conducive to good government, so you will have a—

**The Hon. Z.L. BETTISON:** Point of order, please, Chair.

**The Hon. D.G. PISONI:** —situation where those who are transitioning from TechInSA—

**The CHAIR:** There is a point of order.

**The Hon. Z.L. BETTISON:** This is irrelevant. I have more questions on TechInSA and I would like to focus on that.

**The CHAIR:** We still have 25 minutes, member for Ramsay. The minister is winding up.

**The Hon. D.G. PISONI:** I thank the member for her question because it is important. Whenever there is change in government, there is some concern for those who are affected and sometimes that is blown out of proportion, so I think it is important that the committee understands the processes that the department has gone through in order for this transition to happen.

I am advised that there are 16 at TechInSA who will be transitioned into the department. My understanding is that the process has been welcomed. I know that executives of the department visited TechInSA, after the announcement was made, to talk to them about the transition. There has been no time wasted in making sure that we continue the engagement between the department and TechInSA and then transfer that engagement.

**The Hon. Z.L. BETTISON:** What will happen to the current CE of TechInSA? Is he also transferring?

**The Hon. D.G. PISONI:** He has been invited to apply for the chief operating role.

**The Hon. Z.L. BETTISON:** That will be interesting. Can I also ask about the board in regard to TechInSA. Have you disbanded that board and is a legislative change required for that?

**The Hon. D.G. PISONI:** There has been a significant change in the board, and the Chief Executive of the Department for Industry and Skills is on that board, as is the deputy CE of Treasury, to manage the process of winding down TechInSA. I wrote to the board members and thanked them for the work they were doing. I advised them of the changes that were happening and that the board would be replaced with an interim board made up of the two gentlemen I have just mentioned.

**The Hon. Z.L. BETTISON:** An interim board for the Entrepreneurship Advisory Board or an interim board for TechInSA?

**The Hon. D.G. PISONI:** It is an interim board for TechInSA. There is a process for winding—

**The Hon. Z.L. BETTISON:** Can you detail that process of winding it up?

**The Hon. D.G. PISONI:** No, I cannot detail it. I am not an auditor, nor am I a receiver or a bureaucrat, and it is not my role as a minister. The policy—

**The Hon. Z.L. BETTISON:** I find that fascinating because your government has got rid of many boards and they have gone like that.

**The CHAIR:** Member for Ramsay, you have asked a question and the minister is answering. Continue, minister.

**The Hon. D.G. PISONI:** There are contracts that need to be wound down, financial accounts and transfers of the management of tenants in the buildings down there, so it is a very complicated process. Anyone who has been in the business would understand that you cannot just walk away from a business, and a government business is the same. If there were more members of the Labor Party who had experience outside the union movement, they would have a better understanding of how difficult it can be to close a business down.

**The Hon. Z.L. BETTISON:** Yes, thank you, minister.

**Ms COOK:** Point of order.

**The CHAIR:** There has been a point of order raised.

**Ms COOK:** Point of order: relevance. I would also ask him to withdraw because there are certainly members in this house in the Labor Party who do not have a history in the union movement—and I am one of them.

**The Hon. D.G. PISONI:** Are you embarrassed by it?

**Ms COOK:** No, but I take objection to the broadbrush approach.

**The CHAIR:** Member for Hurtle Vale, my recollection of the comment is—

**Ms COOK:** The broadbrush approach is just ridiculous.

**The CHAIR:** —that he said 'if there were more members of the Labor Party'.

**Ms COOK:** No.

**The Hon. Z.L. BETTISON:** Perhaps if I could move on?

**The CHAIR:** I think it is probably an appropriate time to move on to the next question, member for Ramsay.

**The Hon. Z.L. BETTISON:** Obviously, with the winding down of the TechInSA board—and I know there will be an interim board—and the establishment of the Entrepreneurship Advisory Board, will any of the board members be the same?

**The Hon. D.G. PISONI:** Are you talking about the Entrepreneurship Advisory Board?

**The Hon. Z.L. BETTISON:** Yes.

**The Hon. D.G. PISONI:** No decision has been made on the final board make-up yet, but it is no different from appointing any other board. I know that a lot of previous Labor members of parliament were appointed to government boards without any process or consultation at all. I do not

know where the member is going with this. The appointment of the board is the responsibility of the minister and I will take advice from the department on who I appoint to that board.

**The Hon. Z.L. BETTISON:** So some may be former Liberal MPs. Is that what you are proposing?

**The Hon. D.G. PISONI:** I have not made any decisions. They certainly will not be Labor MPs because they like paid boards and this is an unpaid board.

**The Hon. Z.L. BETTISON:** I think that is incredibly offensive. I ask the minister to withdraw that comment.

**The CHAIR:** Member for Ramsay, I think you actually invited that response with your comment.

**The Hon. Z.L. BETTISON:** I take your advice, Chair, and I will move on. Referring to Budget Paper 4, Volume 3, page 131, what consultation with the private sector has the minister or his department conducted before drafting the terms of reference for what will be the advisory board?

**The Hon. D.G. PISONI:** We have had a wonderful time touring start-up hubs in Australia. We have been to Brisbane and Sydney, and we have taken advice from those who have been there and done that in that area. I have been accompanied by both ministerial staff and department staff in doing that. Also, we have taken advice from people within the entrepreneurial community and the business community. It has been very broad, but at the same time it has been very focused on the outcome.

I have noticed that in the start-up sector people are very happy to give advice free of charge. They are very happy to participate in the process free of charge. I met an entrepreneur from Queensland who came to Adelaide for a function on the previous weekend and she was keen to see what we were doing at the start-up hub. She has offered free advice any time we require it.

One thing I have learnt in this business, the business of politics and, of course, you see the same thing in business and small business as well, is that you never stop learning. The minute you think you know it all you should give it up because you do not. The important thing about this whole project is that it has been a project that has had enormous input from the sector.

**The Hon. Z.L. BETTISON:** I refer to some of your goals for Lot Fourteen. We have heard you express your focus on this. I understand that you have announced in the past that there will be 650 work spaces. Can you talk me through your KPIs. How many will there be at the end of the first 12 months, at the two-year mark and each year of the forward estimates? What are you looking at?

**The Hon. D.G. PISONI:** It is a bit liquid at the moment because we are relying on the restoration of a number of heritage buildings. For next year, we anticipate about 220 spaces. The growth of that will then rely on the rollout of the renovation process by Renewal SA. At this stage, I am not really able to expand on that beyond what we are expecting to happen next year. It will still make it a substantial start-up centre in the first instance and, of course, as we get to the 650 desks, it will be a very large start-up centre.

The expression of interest process might accelerate what happens in the first year. Again, being agile is important for this whole project. Innovation innovates, so we do not want to set a plan that we cannot adjust if opportunities come our way. We are all about exploiting opportunities in the entrepreneurial and start-up sector, so if an opportunity came our way we would not want to be in a position where we had a rigid plan that would not allow us to exploit that for the benefit of the South Australian community. I suppose the best indication I can give you, member for Ramsay, is that next year we expect there to be about 220 desks.

**The CHAIR:** The member for Newland has the call.

**Dr HARVEY:** Thank you, Chair. My question relates to Budget Paper 4, Volume 3, page 131. Could the minister please advise what business opportunities the virtual shipyard program is expected to deliver for South Australia?

**The Hon. D.G. PISONI:** Thank you, member for Newland. It is very exciting. There are a number of people out there saying, 'When is the work going to be starting on the shipbuilding project?' Work has already started and investments are already being made here in South Australia—

**The Hon. Z.L. BETTISON:** Point of order: can I just seek clarification of the role of the shipbuilding program in relation to science and information economy? I am concerned that it does not actually fit into this subset.

**The CHAIR:** If the member for Newland can refer to a budget line, that might assist us.

**Dr HARVEY:** Yes, it is Budget Paper 4, Volume 3, page 131.

**The Hon. D.G. PISONI:** I know I did not finish high school, sir, but I know that a lot of the smart kids who were doing science are doing digital stuff now.

**The CHAIR:** I will let the minister continue with his answer to this question.

**The Hon. D.G. PISONI:** It is vital that we have these programs in South Australia if we are to take full advantage of the opportunity that has come our way because of the Liberal government in Canberra. The virtual shipyard program is a digital training program, designed to equip local businesses with the digital capabilities that will be required for future defence projects.

These projects represent \$85 billion in future investment and present great opportunities for South Australian businesses and workers, particularly those with digital and manufacturing capabilities. There is a real gap in the need for digital skills and the supply of digital skills Australia wide, not just in South Australia. Fifteen small to medium-sized businesses are currently participating in the program, which is being delivered by Dassault Systemes, a strategic partner to the Naval Group, and of course the Naval Group are building the submarines.

Digital capabilities have broad industry applications and are relevant to all sectors of the economy, including mining, agriculture, health and medical devices, among others. Of course, that is the point I was making earlier about the opportunities that are here to expand industry on the back of the shipbuilding projects. Lifting the capabilities of local businesses through the virtual shipyard program will position them to compete for more sophisticated work.

The University of Adelaide, the University of South Australia and TAFE SA are also participating in the program to inform the development of future academic courses to train the next generation of students. The training is being aligned to broader national objectives, including those outlined in the 2017 Naval Shipbuilding Plan and the Advanced Manufacturing Growth Centre's Sector Competitiveness Plan. The Marshall Liberal government is preparing industry and the workforce to take full advantage of our defence and shipbuilding manufacturing technology opportunities.

**The Hon. Z.L. BETTISON:** I would like to move to Budget Paper 4, Volume 3, page 131. I understand that the digital game development industry is tipped to be worth \$90 billion globally by 2020. Minister, why have you cut the digital game development program?

**The Hon. D.G. PISONI:** Again, this goes back to the approach of the previous government and the approach of this government. The game development fund has been absorbed into the Research, Commercialisation and Start-Up Fund, so there is still opportunity for those in that sector to access funding for game development.

**The Hon. Z.L. BETTISON:** Minister, did you or anyone from your department consult with Mighty Kingdom before cutting a grant from this program? I understand that grant was worth \$500,000. Did you actually talk to them?

**The Hon. D.G. PISONI:** Absolutely. Dan has been a very keen participant in our round table for establishing the Industry Skills Councils. He runs a very successful business, and I have met with him on numerous occasions.

**The Hon. Z.L. BETTISON:** So when you met with him, he said, 'Thanks very much for cutting my grant of \$500,000.' How did that conversation go?



**The Hon. D.G. PISONI:** I certainly do not recall that statement, and I am certainly not going to repeat conversations I have with people who generally want to work with the government to improve the outcomes and opportunities for young people in South Australia.

**The Hon. Z.L. BETTISON:** Given that Mighty Kingdom is a significant industry leader in South Australia, by cutting their funding are you not doing the complete opposite of what you have set out as a target for the 2018-19 year?

**The Hon. D.G. PISONI:** Again, this goes back to ideology. The government thinks that they are the answer; the Labor Party thinks that government is the answer. We are facilitating the growth of industry here in South Australia by moving some levers around, making it easier for businesses to invest and employ in South Australia. I have been advised that Mighty Kingdom have received \$480,000 for their Kitty Keeper program. They have that.

**The Hon. Z.L. BETTISON:** Which grant was that from, minister?

**The Hon. D.G. PISONI:** That was a separate grant under the Future Jobs Fund. That is probably why he did not make that comment that you claim he made—because there was no cut in his funding.

**The Hon. Z.L. BETTISON:** Will they be able to access funding through your Early Commercialisation Fund and your research and start-up fund?

**The Hon. D.G. PISONI:** I do not make those decisions. That is a matter for a separate body. It would be inappropriate for the minister to decide who gets grants and who does not get grants. I cannot answer that question, but I would say that they would certainly be able to apply. If they meet the criteria, there will be a process to decide whether they have access to the grant.

**The Hon. Z.L. BETTISON:** Minister, I refer to Budget Paper 4, Volume 3, page 133, about this new fund. Can I clarify that you are the responsible and lead minister for this fund.

**The Hon. D.G. PISONI:** If you are referring to the commercialisation and start-up fund, yes, I am responsible for that.

**The Hon. Z.L. BETTISON:** Can you detail for the committee again the approval process? Will you be running different rounds of this grant and who will be on the selection panel?

**The Hon. D.G. PISONI:** I am advised that the guidelines and selection panel are still being finalised.

**The Hon. Z.L. BETTISON:** I refer to Budget Paper 4, Volume 3, page 131 and the highlights. I was born in Whyalla, minister, and I know that you were born in the city in which I now live. The previous government committed to rolling out the GigCity project in both Mount Gambier and Whyalla. Can you advise the time line for the completion of the GigCity rollout in each of those cities?

**The Hon. D.G. PISONI:** I visited the City of Whyalla not long after being sworn in as the minister, and I have to congratulate them on being very quick off the mark. The \$1.32 million uncommitted funding is allocated to extend the GigCity network and innovation hubs to a number of business sites in Mount Gambier and Whyalla and for program support costs. The various options to connect these sites to the GigCity network are currently being considered. I think a brief was prepared for me after we met with them and there was approval for funding.

**The Hon. Z.L. BETTISON:** Sorry, minister, I am just a little unclear. They are going to be part of the GigCity or are you describing another program?

**The Hon. D.G. PISONI:** There are various options to connect these sites to the GigCity network. The intention of the government is for Whyalla and Mount Gambier to connect to the network. However, my understanding is that there are options in which to do that, which the department is working through with interested parties. The outcome of the meeting I had with the City of Whyalla, as I recall, is that a briefing came to me from the department for an allocation of funding, which I believe I signed off on.

**The Hon. Z.L. BETTISON:** On page 133, it talks about the Adelaide GigCity program. There is a new indicator that you have put in here, and the projection is for 15 sites by 2018-19. I know you

are going through details, but I am still unclear. Is there is money in the budget for Mount Gambier and Whyalla to be connected this financial year

**The Hon. D.G. PISONI:** There is money in the budget but, of course, we do not physically connect it. It is not as simple as handing over money. My understanding is that there are options that need to be worked through with both Mount Gambier and Whyalla. I have just been advised that SABRENet, which is the government and university-owned network, operates only within metropolitan Adelaide. In order to connect those regional cities, other options need to be developed. That is the process that I understand is being investigated by the department in those cities at the moment.

**The Hon. Z.L. BETTISON:** Your indicators show that there will be two additional connections, or precincts. They will not be in regional South Australia this year?

**The Hon. D.G. PISONI:** I did not say that. What I said was that funding is there for those local governments to connect. We are not physically doing it for them.

**The Hon. Z.L. BETTISON:** How much has been budgeted for those connections?

**The Hon. D.G. PISONI:** I have been advised that there is \$1 million for those connections.

**The Hon. Z.L. BETTISON:** For those two connections which may or may not be finished?

**The Hon. D.G. PISONI:** Mount Gambier and Whyalla.

**The Hon. Z.L. BETTISON:** So no more metro connections?

**The Hon. D.G. PISONI:** Yes, there are more.

**The CHAIR:** Final question, member for Ramsay.

**The Hon. D.G. PISONI:** Although the department is very agile, it is also quite conservative. We are certainly not going to restrict the number of connections to any targets listed in the budget. A lot of this is demand driven. Consequently, one connection could be quite a number of users because the requirement is that innovation and research centres are able to connect to GigCity. It is not designed for commercial use.

The terms of reference were amended just recently, I understand, to expand it from simply research connections to innovation science as well. Again, it is a very conservative estimate. A lot of these also require the cooperation of the local government bodies that we are working with. They are driving it. We are working with them. We will be providing funding for it but, in the end, they are the ones that need to drive it.

**The Hon. Z.L. BETTISON:** But is it—

**The CHAIR:** My apologies, member for Ramsay. That took a little bit longer than I expected and we have in fact reached the allotted time. I declare the examination of the proposed payments for the portfolio of the Department for Industry and Skills and the estimate of payments to the Department for Industry and Skills and the equity contribution from the Department for Industry and Skills to be completed. Thank you, minister, and thank you, advisers.

**The Hon. Z.L. BETTISON:** I would like to take a moment to thank the minister's staff and the departmental staff for their work. Having been on the other side, I know that a lot of time and effort is put into the preparation. I thank you for your efforts.

*Sitting suspended from 15:46 to 16:01.*

## **DEPARTMENT FOR ENERGY AND MINING, \$110,202,000**

### **Membership:**

Hon. A. Koutsantonis substituted for Ms Cook.

**Minister:**

Hon. D.C. van Holst Pellekaan, Minister for Energy and Mining.

**Departmental Advisers:**

Dr P. Heithersay, Chief Executive, Department for Energy and Mining.

Ms A. Blood, Executive Director, Mineral Resources, Department for Energy and Mining.

Mr S. Crafter, Executive Director, Energy Implementation, Department for Energy and Mining.

Mr V. Duffy, Executive Director, Energy and Technical Regulation, Department for Energy and Mining.

Mr B. Goldstein, Executive Director, Energy Resources, Department for Energy and Mining.

Mr P. Bradshaw, Director, Resources Infrastructure and Investment Task Force, Department for Energy and Mining.

Ms R. Knight, Director, Energy and Technical Regulation, Department for Energy and Mining.

Mr B. Adams, Manager, Financial Services, Department for Energy and Mining.

**The CHAIR:** Welcome back to the sitting of Estimates Committee A. From now until 5.30, we will be examining the Department for Energy and Mining. The minister appearing is the Minister for Energy and Mining, and the estimate of payments relates to the Department for Energy and Mining. I declare the proposed payments open for examination and refer members to the Agency Statements, Volume 3. I advise that the member for Hurtle Vale has requested to be discharged and has been replaced by the member for West Torrens. I call on the minister to make a statement, if he so desires, and certainly introduce his advisers.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Thank you very much, Chair. I will firstly introduce my advisers. On my right is Dr Paul Heithersay, Chief Executive, Department for Energy and Mining. On my left is Ben Adams, Manager, Financial Services. Immediately behind me is Sam Crafter, Executive Director, Energy Implementation, and Vince Duffy, Executive Director, Energy and Technical Regulation. The two people behind them are Barry Goldstein, Executive Director, Energy Resources, and Ms Alex Blood, Executive Director, Mineral Resources. Behind them are Peter Bradshaw, Director, Resources Infrastructure and Investment Task Force, and Rebecca Knight, Director, Energy and Technical Regulation. I will make a very brief statement, Chair.

First of all, I would like to thank all the people in our department for the work they have done over the last six months. The Marshall Liberal government determined well in advance of the last election that we believed that energy and mining were important enough areas within government to have their own department and that, if elected, we would create the Department for Energy and Mining. We have done that. Of course, that has come with a fair bit of additional work in the transition. People have had to move office—not everybody, but lots have.

I would like to congratulate Dr Paul Heithersay on becoming the CE of our new department. On behalf of the people of South Australia, I thank everybody who is working well in this new department. I also thank them for their work in preparing for this estimates session.

**The CHAIR:** Thank you, minister. Does the lead speaker for the opposition wish to make a short statement?

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

**The CHAIR:** The member for West Torrens has the call.

**The Hon. A. KOUTSANTONIS:** I wish to congratulate the minister on his ability to deliver a stand-alone agency. It is deserving of a portfolio, and I congratulate the Marshall government on delivering a stand-alone agency. I also commend you on your choice of chief executive and on

bringing the agency as a stand-alone agency into being. I think that is probably the best way to serve the state, and I congratulate you on it. I will go straight into questions, if I can, sir.

I refer to Budget Paper 5, page 57. Obviously the current government made much of its election commitment to reduce power prices by \$302. Given the Electoral Commission found that that was misleading, could the minister please detail for us in the budget papers exactly how he intends on delivering a \$302 saving?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I think the shadow knows a lot about this, but I will certainly go through it. With regard to the issue of the Electoral Commission's finding, that was very much in regard to the way that the policy was described. The policy is sound. The policy will be delivered.

The \$302 relates to the average prices for households in South Australia, from the 2016-17 financial year through to the 2021-22 financial year, as modelled by ACIL Allen independently. The modelling was done on the predicted reduction in wholesale price of electricity when all factors were considered from the starting point to the finishing point. It was always acknowledged, in fact it was in our policy documents, that some of those factors would be parts of the, at the time, Labor government's policies, which we would choose to keep or had no choice but to keep. Some of those factors would be the additional policy that we would implement; some of those factors were things that were out of control of whoever was in government. We were very straightforward about that.

Our policy is made up of several planks: interconnection with New South Wales, household battery scheme, grid-scale storage scheme, trials to look at demand management at the individual consumer perspective, demand aggregation and also supply integration. When the wholesale price that ACIL Allen predicted is worked through to the retail price, keeping the other components the same, that gets to the \$302. It was based on information we received from ACIL Allen's independent assessment.

As I have said on quite a few occasions since the election, if ever we get independent advice that deviates from that, we will respond accordingly, we will look at that. But that certainly has not happened yet. It is important to point out, as the opposition has tried to characterise a few times since the election, that no one of the components of our energy policy deliver the saving to households; all of the components combined deliver the savings.

**The Hon. A. KOUTSANTONIS:** That is exactly my point. SAPN's draft determination gives a net increase in bills of \$3 over the next five years. Energy retailers have announced reductions in pricing as little as 0.4 per cent, which is AGL; or none, EnergyAustralia. Your interconnector, in its draft report, is a \$20 saving. I suppose my question is: where does the rest come from?

**The Hon. D.C. VAN HOLST PELLEKAAN:** As I have outlined, the savings come from a forecast reduction in the wholesale price flowing through to the retail price. We made the ACIL Allen report public back in October last year when we announced the policy. We put out the policy to the public and the ACIL Allen report simultaneously. It shows all the factors that ACIL Allen modelled into that reduction in the wholesale price. I think that it is misleading to grab the price change announcements that have been made so far in small components and then try to pretend that they mean that in 2021-22 the total will not have been achieved.

**The Hon. A. KOUTSANTONIS:** SAPN's determination is for a five-year period, which is a \$3 net increase. Your release report by ACIL Allen was independently assessed by the Electoral Commission as being misleading. I know that you have problems with that and that the Liberal Party stood by its report, and that is entirely appropriate for you to do so, if that is what you want, despite an independent inquiry. The question I am coming to is that retail prices this year have not decreased sufficiently for you to be on track to achieve your saving. I am asking you: within the budget papers, what measures do you have in place that will lower power prices?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I have already described the measures that we have in place. The shadow minister is already well aware of them. I have absolutely no doubt that this will be a conversation that we have, perhaps on a weekly or fortnightly basis, over the next four years, and I am very happy to engage in that. We will do our assessment and the shadow minister will do his assessment.

The only thing I would add is that over the last several years, under the previous Labor government, consumers have seen prices go up and up and up. For the first time in a long time, on 1 July this year, with the market factoring in our policy being implemented, amongst other things, retail prices stayed flat or came down a very small amount, so the tide has turned.

**The Hon. A. KOUTSANTONIS:** The government made much of its interconnector. Where in the budget papers, in the forward estimates, is the \$200 million for the interconnector?

**The Hon. D.C. VAN HOLST PELLEKAAN:** There is \$14 million in the budget—

**The Hon. A. KOUTSANTONIS:** That is not what I asked: I asked you where the \$200 million is.

**The Hon. D.C. VAN HOLST PELLEKAAN:** There is \$14 million in the budget—

**The Hon. A. KOUTSANTONIS:** Is that sufficient to build an interconnector into New South Wales?

**The CHAIR:** Member for West Torrens, we have been through this before today. You will ask a question—

**The Hon. A. KOUTSANTONIS:** I am being exceptionally polite, sir, by my standards.

**The CHAIR:** I understand that and I appreciate it, but what happens here is that a committee member asks a question of the minister and the minister has time to respond and is heard in silence.

**The Hon. A. KOUTSANTONIS:** I repeat my question: where in the budget papers, in the forward estimates, can I find the \$200 million fund for the interconnector?

**The Hon. D.C. VAN HOLST PELLEKAAN:** The reality is that there is money in the budget for the forward works. I think the shadow minister would be well aware of the fact that we put—

**The Hon. A. KOUTSANTONIS:** Point of order, sir: I have asked a very simple question. I am not asking about the forward works. I am asking: where in the budget papers can I find a \$200 million fund for the interconnector? It is a very simple question.

**The CHAIR:** As I have ruled earlier today, member for West Torrens, committee members are able to ask a question of a minister and the minister responds as he or she sees fit, and the committee makes of that response what it will. The question has been asked: minister, you will respond.

**The Hon. A. KOUTSANTONIS:** Is it in Budget Measures or is it in Agency Statements, or is it in—

**The CHAIR:** Member for West Torrens, the minister is about to respond.

**The Hon. A. KOUTSANTONIS:** Perhaps it is in the Budget Overview.

**Ms LUETHEN:** Point of order: standing order 131, interruption not allowed.

**The CHAIR:** Yes, I uphold that point of order. Member for West Torrens, you have asked the question. Minister, are you ready to answer? You have the call.

**The Hon. D.C. VAN HOLST PELLEKAAN:** I would like the shadow minister to tell which budget line he is referring to when he asks this question.

**The CHAIR:** He did indicate that at the outset, but you can remind us, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** Agency Statements, Budget Paper 4, Volume 2, page 126. Where in there can I find your \$200 million fund for an interconnector?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I think the shadow minister knows very well that we had \$200 million clearly earmarked in our policy. That money is still available.

**The Hon. A. KOUTSANTONIS:** Where? Which budget line?

**The CHAIR:** The minister is coming to that.

**The Hon. D.C. VAN HOLST PELLEKAAN:** That money is still available for the interconnector, should we need it, but all indications—

**The Hon. A. KOUTSANTONIS:** Should we need it!

**The CHAIR:** Member for West Torrens!

**The Hon. A. KOUTSANTONIS:** Did you hear what he just said?

**The CHAIR:** You have asked the question, the minister is responding, and he will be heard in silence. You will have the opportunity in a moment to ask another question. Minister.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Should we need the money to get the interconnector up, the money is still available, but all indications since the election have been that the interconnector will get up as a regulated asset, in which case there is not a need for taxpayers' money to go towards the building of the interconnector. The full \$200 million is still available in the budget, and the vast majority of it is in Treasurer's contingency fund, so the money is in the budget.

What we have done is we have taken the advice from ElectraNet, we have taken advice from AEMO, we have taken advice from other commentators, all of which have indicated very clearly that there is a fair expectation that the interconnector between South Australia and New South Wales will get up as a regulated asset, in which case the money is not required to get it up. But what we have done is we have kept the majority of that money available in the Treasurer's contingency.

We also have some other work which we are undertaking. We have made it very clear that what we want to do is deliver an interconnector for the benefit of all South Australians, to reduce their electricity prices, to improve reliability of supply, as quickly as possible. We have entered into agreements with ElectraNet and TransGrid to start on what we are calling the early work. That includes things like route confirmation, environmental clearances, discussions with landholders.

We have entered into an agreement with ElectraNet to support their early work and the same with TransGrid. Very clearly—and this is not a revelation, but it is part of the answer to the question—what happens is that they will start that early work based on the expectation that we all have, that it will get up as a regulated asset. We will either, in one case lend them the money, and in one case underwrite the funding so that if the interconnector gets up as a regulated asset, then the underwriting will not be necessary and the loan will be repaid immediately. But what is very important about this is that if it does not get up as a regulated asset, we still have the balance of the money, the balance of the \$200 million, in Treasurer's contingency.

What is equally important is that the early work which we will have invested in will not have been wasted because, while in that second scenario, which is the very unlikely scenario, if it does not get up as a regulated asset, that early work—that route confirmation, the engagement with landholders, the environmental clearances—will still have had to be done to get the same interconnector up in another way than a regulated asset. So none of that will be wasted and, if the interconnector gets up as everybody expects, then that early work will become part of the total regulated asset and this state will not have had to pay for it.

**The Hon. A. KOUTSANTONIS:** On Budget Paper 3, page 14, net debt, of the \$3.2 billion the state government is borrowing, within those borrowings, is \$200 million allocated towards the interconnector?

**The Hon. D.C. VAN HOLST PELLEKAAN:** There is money in there in the Treasurer's contingency. If you want to know whether that is part of borrowings or part of another fund, you will need to ask the Treasurer.

**The Hon. A. KOUTSANTONIS:** So you do not have a line in the budget that has allocated the money. You have simply been told by the Treasurer that he is holding it in contingency should it be needed?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Chair, I think I have shared as much information about this as I possibly can.

**The CHAIR:** You have answered that question.

**The Hon. A. KOUTSANTONIS:** So you cannot point to a line in the budget where it is available. You are just saying it is in Treasurer's contingencies?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Well, I can start this all over again.

**The Hon. A. KOUTSANTONIS:** It is a yes or no.

**The Hon. D.C. VAN HOLST PELLEKAAN:** The money is in the budget.

**The Hon. A. KOUTSANTONIS:** Where? Point it to us.

**Ms LUETHEN:** Point of order.

**The Hon. A. KOUTSANTONIS:** A point of order? We are asking for facts, sir. We should stop. I think that was the point of order.

**Ms LUETHEN:** Standing order 128: repetition.

**The CHAIR:** I do not know that that is really a point of order at this point in time, member for King.

**The Hon. A. KOUTSANTONIS:** Sir, I think it is a poignant question. The minister has just told the committee that the money has been allocated within the budget process, that there was a cabinet submission which authorised the use of money and within that cabinet decision there was the decision taken to allocate \$200 million towards the interconnector. I ask a very simple question: where in the budget papers can I find that budget line where this money has been acquitted or held in contingency? I ask again: where? Is there an agency statement or is it in the Budget Measures? It is pretty simple.

**The Hon. D.C. VAN HOLST PELLEKAAN:** The answer is the same, but I do take issue with the shadow minister saying that I mentioned anything about a cabinet submission. That is just false. But the reality is that the money is in the budget.

**The Hon. A. KOUTSANTONIS:** Where?

**The CHAIR:** Could I interrupt. Member for West Torrens, the minister previously provided, as we have come to expect from this minister, a very fulsome response to the question. Make of that what you will, but I suspect he has no more to add on this particular subject.

**The Hon. A. KOUTSANTONIS:** Mr Chairperson, I point you to the infrastructure spend the government has in place. I look there and I see no line for money set aside over the forward estimates for an interconnector. I see no infrastructure spend, or any budget line anywhere that mentioned the interconnector, yet the minister is telling the committee that he has procured the money and that the money is being held in contingency by the Treasurer. All I am simply asking is: where is that line in the budget? If that is disorderly—

**The CHAIR:** No, I did not say it was disorderly.

**The Hon. A. KOUTSANTONIS:** Okay; well, I will ask that question: where?

**The Hon. D.C. VAN HOLST PELLEKAAN:** It is your time. The money is in the budget—

**The Hon. A. KOUTSANTONIS:** Mr Chair, a point of order. You have pulled me up time and time again for being disorderly in this committee. I have asked a very reasonable question of the minister: which budget line has the government allocated \$200 million? \$200 million! Not \$200,000, but \$200 million. The minister says he has answered it but cannot point me to where that line is in any of the budget papers.

**The CHAIR:** Unless the minister has anything further to add—

**The Hon. A. KOUTSANTONIS:** He just will not answer it.

**The CHAIR:** —to his previous answer, I suggest we move on, member for West Torrens, to the next question. The member for West Torrens has the call.

**The Hon. D.C. VAN HOLST PELLEKAAN:** The money is in the budget.

**The Hon. A. KOUTSANTONIS:** What does it say about the government if you cannot even point me to where they are in the budget papers? What does it say about your advocacy within the cabinet if you cannot even point me to a line about the \$200 million? You have faced budget cuts of \$70 million—

**The Hon. D.C. VAN HOLST PELLEKAAN:** Chair?

**The CHAIR:** Yes, I am assuming that the minister is going to bring the member for West Torrens back to questions relating to the budget, as am I. It is time to move on to the next question. I am sure you have plenty, member for West Torrens.

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

**The CHAIR:** Could you quote the budget line, please.

**The Hon. A. KOUTSANTONIS:** Of course I can: Budget Paper 5, Budget Measures Statement, page 57. Of the 40,000 households to receive battery subsidies, how many will include low-income households?

**The Hon. D.C. VAN HOLST PELLEKAAN:** It is not possible to give a precise answer to that question because it is largely determined by how many households apply for the scheme and how many of them are concession holders. We have put together a scheme that certainly has a greater advantage to lower income households. We have chosen to define 'lower income households' as those who already have an energy concession card.

We are offering \$500 per kilowatt hour capacity of the battery purchased for the majority of households and \$600 per kilowatt hour capacity of the battery purchased for lower income households, with a cap for both categories at \$6,000. The question, which looks for a specific number of exactly how many there will be in each category, is not possible to answer at the moment. Let me say, though, from my perspective: as many low-income households as possible; that would be good.

**The Hon. A. KOUTSANTONIS:** So there is no amount that has been hypothecated and left aside for low-income households? Is it first in, best dressed?

**The Hon. D.C. VAN HOLST PELLEKAAN:** A lot of work has gone into this project in the background—

**The Hon. A. KOUTSANTONIS:** I am sure it has; that is why I thought you would have this answer at your fingertips.

**The Hon. D.C. VAN HOLST PELLEKAAN:** A lot of work has gone into this project in the background and some assessments have been made about the range of possibilities. It is important to point out, Chair, we have also made it very clear that we are likely to adjust the subsidies as the program goes on over the four years. We have in fact kept it wide open. We might assess it every six months, or every 12 months, or whatever seems appropriate. Please also keep in mind, Chair, that we want as many lower income people to benefit as possible, because we are using taxpayers' money for this fund.

We want taxpayers' money to be used as sensibly and as wisely as possible. While we want low-income households to benefit, we also need to get a certain total cumulative capacity of the combined number of batteries into the market. This is not just about the households that get the batteries and have the solar panels. This is about them, but more importantly this is about getting 40,000 additional homes with these batteries in South Australia connected to the grid so that we can take the peak off the top demand.

**The Hon. A. KOUTSANTONIS:** Yes, I understand what their use is.

**The Hon. D.C. VAN HOLST PELLEKAAN:** A small sliver off the top of the peak makes a very big difference to the wholesale price of electricity so that, importantly, not only the homes that receive the subsidy and have the equipment will get a very important benefit but so will all the rest of the homes. This is clearly crafted to benefit not only those who get the subsidy but also all other electricity consumers in the state.

**The Hon. A. KOUTSANTONIS:** Given that the government has no quota set aside for low-income earners, hypothetically it is possible that no low-income earners will receive the subsidy. I



am interested to understand exactly how the difference in subsidy was arrived at. You have a difference in subsidy of \$600 per kilowatt hour for low-income earners, which you define as households that are on an energy concession card, and \$500 per kilowatt hour.

If I am not incorrect, during the election campaign you said that your scheme would be means tested. I would like to know how your public statements before the election about means testing have led to a system where there is no quota for low-income earners and a subsidy difference between a low-income earner, which you have now defined after the election as being someone on a concession card, on \$600 per kilowatt and someone who is not on that concession on \$500.

Could you please explain to me (1) why you made the statements of it being means tested before the election and (2) how you have come at the difference between the two subsidies of \$600 and \$500? What was the modelling or reasoning that you came up with for that difference? It is not an insignificant difference, I will give you that, but it is not as large as I thought it would have been if it was being means tested according to your public statements before the election.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Regarding question No. 1, we did say before the election that it would be means tested and we have, after the election, means tested it, without any doubt whatsoever. As I thought I clearly described before, we have assessed people with an energy concession card as being people with lower means economically and people without one as being people with higher means economically.

So we have means tested it, and we have used that determination, essentially, to decide where we would draw the line. There is no doubt that this program is means tested. People who would fairly be expected to have lower incomes because they already have an energy concession card will receive more support, and those without that card have been fairly assessed as having greater means and they will receive less support. Very importantly, we have delivered on that part of the election commitment.

With regard to how we determined the difference between the \$500 and the \$600 per kilowatt hour, a lot of work, including external advice, went into that; if the shadow minister would like to have the details of that, I would be happy to take that question on notice.

**The Hon. A. KOUTSANTONIS:** Thank you very much. You have recently signed a new deal with Sonnen, which the government said was vastly different, a renegotiation, from the one arranged by the previous government. Could you please detail to the committee the nature of the subsidy in place for Sonnen?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Again, I need to correct the shadow minister. I have certainly not said that it was vastly different.

**The Hon. A. KOUTSANTONIS:** I have the press release here from the government.

**The Hon. D.C. VAN HOLST PELLEKAAN:** I have said that the incentive required, or the liability to the government essentially, is lower, so it is better for the state under our agreement than under the previous government's agreement, which was never delivered. In terms of the second part—

**The CHAIR:** So it is different?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes, it is different. It is different. In fact, it is better for the taxpayer. What the previous government was offering was a greater liability than what the current government has offered.

**The Hon. A. KOUTSANTONIS:** What is the liability?

**The Hon. D.C. VAN HOLST PELLEKAAN:** To the second part of the shadow minister's question, regarding detailing the difference, I will not do that and he knows that I should not do that. The memorandum of understanding that the previous government entered into with Sonnen was confidential. The memorandum of understanding that the current government has entered into with Sonnen is confidential.

**The Hon. A. KOUTSANTONIS:** Previously, the then shadow minister had criticised the government, along with his then shadow cabinet colleagues who now make up the cabinet, saying it

should be more transparent and open. This government has entered into an arrangement with Sonnen, which I think, from reading the media release and the public statements, makes the state liable for a minimum amount of sales of Sonnen batteries. I believe the committee deserves to know what our exposure is if Sonnen does not reach its sales. The second part of my question is: have you, within your subsidy scheme, a preference or requirement for people taking up that scheme to use a Sonnen battery?

**The Hon. D.C. VAN HOLST PELLEKAAN:** The first part was not a question; it was just the shadow minister sharing his opinion. That is his opinion, and he is entitled to it, but I do not think there is any doubt in anybody's mind that the Marshall Liberal government is far more transparent than the previous Labor government was. That does not mean that the Marshall Liberal government will divulge detailed information of memorandums of understanding that are confidential. Every government, from the beginning of time to the end of time, will have some agreements in place with private parties that will be confidential. That is just a fact. This is one of those situations—

**The Hon. A. KOUTSANTONIS:** So the \$200 million—

**The CHAIR:** Member for West Torrens, order! The minister is still answering the question.

**The Hon. A. KOUTSANTONIS:** I have just listened to his transparency. There is no money for the interconnector and now—

**The CHAIR:** Member for West Torrens, order! The minister is still answering your previous question. I will allow him to finish that and then we will go to the next question. Minister.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Thank you, Chair. The second part from the member for West Torrens, which was a question, was, paraphrasing: is there any obligation or how does the Sonnen battery fit in and do people need to do something? What we have done is use a set of descriptions, if you like, that the previous government developed about local content. Broadly they talk about being manufactured locally, having local components or being assembled locally, local employment. There is a sliding scale that ranks organisations in that way.

What we have done is make it very clear that any organisation that can meet those criteria will have a nine-week exclusivity time. It is not about Sonnen; it is about any organisation that can show they either manufacture or assemble batteries here in South Australia. In fact, we have had quite a few organisations come to us to see how they could fit into that nine-week period, how they could become what we are calling 'foundation partners' for the first nine weeks. We welcome those discussions: in fact, we would like as many organisations as possible to participate in that first nine weeks.

**The Hon. A. KOUTSANTONIS:** Is that an open call through the procurement office of the government, through tenders? Can battery manufacturers or assembly partners say, 'If we come to South Australia and assemble batteries or manufacture batteries, we want a certain percentage of your 40,000 batteries scheme,' or does it simply give them a licence to participate, to allow them to meet your rankings within your subsidy, your secret liabilities that you have offered to Sonnen?

**The Hon. D.C. VAN HOLST PELLEKAAN:** It depends what you mean by tender and open call. Procurement, from a government perspective, has been very involved with all of this, as you would expect. We have checked with them that it is all above board and okay. There is no quota. There is no entitlement to anything linked directly to the scheme. Essentially, any provider who meets the description the previous government formulated of being assemblers or manufacturers can participate. Any company can do that. There is nothing linked to this scheme, the house battery scheme, that talks about any of them getting another advantage—other than, of course, that nine-week period when only companies that fit the description have that opportunity.

Within that nine weeks and, in fact, outside that nine weeks, consumers, South Australian householders who want to access the subsidy, make an independent and informed decision about who they want to be the battery supplier and/or installer. Yes, in the first nine weeks there is a limited number of choices. Outside the nine weeks, there is a larger number of choices. We think that is the way to go. We will be encouraging households to get as much information as possible about who they want to be their battery supplier and/or battery installer.

We have some limitations on that. To access the subsidy, a household will not be able to deal with an installer and a battery manufacturer. They will have to deal with a battery manufacturer that takes responsibility for the installation or an installer who takes responsibility for the delivery of the battery. Essentially, it will be one transaction.

Another limitation, which I think is a necessary positive, is that we are very focused on high-quality equipment and high-quality installers. It will not be possible for a household to choose any battery or any installer; they will only be able to choose from the list of batteries and installers who meet or exceed the criteria established by the Department for Energy and Mining. There is a quality limitation and there is a limitation with regard to it being one transaction but, beyond that, consumers will be entitled to engage with suppliers who can meet their needs.

**The Hon. A. KOUTSANTONIS:** So, 40,000 of the 880,000 households connected to the NEM will have nine weeks where the only battery they can buy is Sonnen and that nine-week exclusivity has been negotiated by the current government. Was that paid at a premium by Sonnen or was that given to them without any cost?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Again, the shadow minister's question starts with a fair bit of assumption. For the shadow minister to say that this agreement has been set up for Sonnen only is—

**The Hon. A. KOUTSANTONIS:** How did they get the nine-week exclusivity?

**The Hon. D.C. VAN HOLST PELLEKAAN:** For the shadow minister to say that this battery subsidy agreement has been set up for Sonnen only is incorrect and I suspect deliberately incorrect. I have made it very clear—

**The Hon. A. KOUTSANTONIS:** If I am wrong, I will withdraw it. If Sonnen does not have nine-weeks exclusivity, I will withdraw it.

**The CHAIR:** Member for West Torrens, we have had this discussion. You have asked a question and the minister—

**The Hon. A. KOUTSANTONIS:** Does Sonnen have nine-weeks exclusivity?

**The CHAIR:** —is answering. Member for West Torrens, when the minister has finished this answer we will go back for another question. Minister.

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

**The Hon. D.C. VAN HOLST PELLEKAAN:** I have made it very clear, a couple of times I think, that any organisation that can meet the criteria for local assembly, local manufacture is entitled to participate in that nine-week period. And the last part of the shadow minister's question was about what subsidy has been given. No subsidy has been given to Sonnen. It is deliberately misleading for the shadow minister to suggest that.

**The Hon. A. KOUTSANTONIS:** I take offence at that, but I do not want to bring the committee back to deal with the minister's disruptive behaviour. The minister made public comments where he said that he wanted to get started with these battery installations to occur before summer. Of the 5,000 installations that are targeted to occur in 2018-19, how many of those installations will occur before summer? I remind the minister that in August of this year he publicly said:

We hope to get a significant number of household batteries out this summer... We will have started to mitigate the problem this summer—

Summer starts on 1 December. How many of those early 5,000 installations will you have in place by summer?

**The Hon. D.C. VAN HOLST PELLEKAAN:** We are optimistic that we will get more batteries out sooner than most people expect. We are working on this scheme very deliberately. The information that the shadow minister is seeking is not available right now because we are still completing the finer details of the scheme. We have made it very clear that the scheme will commence in late October. We have already had one session with industry stakeholders, a broad range of people who have an interest in this program. We shared as much information as we could with them at that stage and I think that was about a week and a half ago, maybe two weeks.

On Friday this week, we have an information session for industry participants. We have over 300 people or organisations who have registered their interest to be battery suppliers or battery installers or both and, in fact, there is interest from people who want to install solar panels to go with the batteries as well. So 300 registrations of interest, and on Friday this week we will be sharing as much information as we have—

**The Hon. A. KOUTSANTONIS:** 300?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Over 300 registrations of interest. We will share as much information as we can with them on Friday and we will continue to share as much information as we can, but the specific number that the shadow minister asked for is not available yet because all the details of the scheme have not been completely finalised yet. Most of them have but not all of them, but it will start in late October.

**The Hon. A. KOUTSANTONIS:** Okay. It was not me who made the comment that you wanted a substantial start before summer; it was the minister—

**The Hon. D.C. VAN HOLST PELLEKAAN:** And that is true.

**The Hon. A. KOUTSANTONIS:** —so I take his word for it. The Home Battery Scheme will be funded from the Green Industry Fund. The Green Industry Fund offered subsidies and grant programs for other programs as well. Will the grant lines from this fund be reduced in order to fund this application?

**The Hon. D.C. VAN HOLST PELLEKAAN:** With regard to the Green Industry Fund, that is a question you need to ask the Minister for Environment. I can tell you that the Home Battery Scheme is fully funded.

**The Hon. A. KOUTSANTONIS:** Budget Paper 5, Budget Measures Statement, page 57, states, and I quote:

The Home Battery Scheme and the Grid Scale Storage Fund initiatives will be funded from the Green Industry Fund.

This is the Department for Energy and Mining. Are you saying you are not administering the Home Battery Scheme and Grid Scale Storage Fund? Is that what you have just said to the house? Your budget papers say you are doing it from the Green Industry Fund. Do not look shocked. Answer the question.

**The CHAIR:** Minister.

**The Hon. D.C. VAN HOLST PELLEKAAN:** I am giving you plenty of time to finish your question. No, we are certainly administering the—

**The Hon. A. KOUTSANTONIS:** Why would I ask the Minister for Environment?

**The CHAIR:** Minister, you have the call.

**The Hon. D.C. VAN HOLST PELLEKAAN:** We are certainly administering the Home Battery Scheme and the Grid Scale Storage Fund. There is no doubt about that at all. Let me seek some advice on the Green Industry Fund.

**The Hon. A. KOUTSANTONIS:** I think you had better.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Shadow, my answer stands. We are not administering the Green Industries scheme and if you want to know about what may or may not have been funded out of the Green Industries scheme, I think you need to talk to the Minister for Environment.

**The Hon. A. KOUTSANTONIS:** So you are saying that, even though it is funded from the Green Industry Fund, the remainder of those funds are funded by the Minister for Environment and it is a matter for him, if there are surplus funds left, whether or not there are any other funds paid out of that fund. If I can turn to the emergency generators, the 'diesel genset' as you like to say, I refer you to Budget Paper 4, Volume 2, page 139. You have been very critical of the reserve generators. I find it ironic that in your own budget papers, as a highlight of your budget, you have in there a description of the use of the emergency generators. Can you rule out to the committee that if this

budget and the budget measures pass the parliament there are no plans to privatise or sell the generators in future budgets?

**The Hon. D.C. VAN HOLST PELLEKAAN:** The highlight, to use the word that is in the budget and the word that you used, is a financial highlight. It is making it very clear how the money will be spent. With regard to my previous criticism of the former government for having committed over \$400 million of taxpayers' money towards these generators, if the previous government had managed its own energy policy and its involvement in the South Australian energy market much better, understanding that it is not only government but industry that participates as well, it would never have been necessary to have anything to do with these generators.

I was certainly also critical of the previous government's spruiking the battery at Hornsdale, which, by the way, was delivered in response to a year or two of public suggestions by the current Premier, the then leader of the opposition, asking the government to do exactly that. We were supportive of that. The previous government spruiked that while simultaneously trying to keep the purchase of these diesel generators very quiet. So, yes, I was critical of that, no doubt whatsoever.

With regard to what will happen with them, I am not at liberty to rule in or rule out anything. That is a matter that cabinet is considering, and I have said that very clearly and publicly in the past. We will consider all options. The previous government committed the state to this purchase. We will follow through on this purchase, as any good government should, even if we have been critical in the past of how we got to this point.

The previous government committed the state and, as you probably know, there is an option for an extended lease but, one way or the other, there is an obligation to purchase these generators. We will do that because we are obliged to do that, because you obliged us to do that. Beyond that, I am not ruling in or ruling out any possibilities.

**The Hon. A. KOUTSANTONIS:** Thank you for letting the committee know that cabinet is actively considering privatising.

**The Hon. D.C. VAN HOLST PELLEKAAN:** No, I did not say that. I said we are considering all options.

**The Hon. A. KOUTSANTONIS:** You are actively considering all options.

**The Hon. D.C. VAN HOLST PELLEKAAN:** You can characterise what you think the options you would consider are, if you like, but you cannot put those words in my mouth.

**The Hon. A. KOUTSANTONIS:** No, I am just using your own words against you. It is pretty simple. Then again, that is not difficult. It is interesting to note that you may have received some advice on the AEMO report about the upcoming summit. Have you received any advice from your agency about any potential expected income you would receive if the generators are called upon to service the Victorian electricity market?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Let me check that there is not a confidentiality that applies to this and, if there is not, I will answer your question. I cannot answer that question because it is not publicly available information yet. Let me say that, with regard to the first part of your question, yes, we have received information from AEMO, as have you and as has everybody in the public who is interested about this issue, about their forecasts for supply-demand balances for this summer. That information is in the public domain.

They have said that it is roughly a one in 10 chance of a requirement for load shedding. They have said that they consider that low and within their tolerance. I have publicly said that I am not comfortable with it being that high and that we need to do better than that in South Australia. We as a government and our department are working very hard on that. The question you asked was about the money we would receive if the generators were used this summer. I am not at liberty to share that with you.

**The Hon. A. KOUTSANTONIS:** Given how open and transparent the new government is, and noting that I cannot find the \$200 million that was promised for an interconnector and that you will not reveal the nature of the Sonnen agreement, would you, at the very least, now publicly release your investigator's report into the purchase of the generators? Mr Livesey QC, a respected legal mind

in South Australia, conducted a report that cost the taxpayer nearly \$450,000; that is nearly \$20,000 a week to produce that report. When will you table it in parliament?

**The Hon. D.C. VAN HOLST PELLEKAAN:** With regard to the shadow's questions regarding transparency, I have made it very clear that the \$200 million for the interconnector is in the budget. I have made it very clear that, just as it was for the previous government, the current government's agreement with Sonnen is a confidential document that we are legally bound to keep confidential. I have just advised that the financials about the diesel generators, should they be used, are confidential at this stage.

These are not decisions that the government has made with regard to confidentiality, apart from being willing partners in a confidentiality agreement. They are confidential pieces of information. To suggest that I am not being open or transparent is completely incorrect. As the shadow minister knows, having been a minister and a treasurer himself, some things cannot legally be divulged. The other part of the shadow's question with regard to the Livesey report is something that he needs to ask the Attorney-General because she is the one who commissioned that report.

**The Hon. A. KOUTSANTONIS:** So the agency that owns and operates the generators and conducted the procurement had absolutely no say and no involvement in the Livesey inquiry?

**The Hon. D.C. VAN HOLST PELLEKAAN:** What I would say is that the Marshall Liberal government is a cohesive, united and well-organised cabinet government and we discuss a wide range of things at cabinet. I have not suggested once at all that the agency responsible for the generators has had no discussion or no information. What I have said is that if the shadow minister wants to know about the public release of the Livesey report, he needs to ask the Attorney-General about that because the Attorney-General commissioned the report.

**The Hon. A. KOUTSANTONIS:** Does the minister think it should be released publicly?

**The Hon. D.C. VAN HOLST PELLEKAAN:** The Attorney-General's opinion is the one that counts in this matter.

**The Hon. A. KOUTSANTONIS:** I have noticed that your opinion does not count for very much in cabinet, given your ban on gas.

**The Hon. D.C. VAN HOLST PELLEKAAN:** The Attorney-General commissioned—

**The Hon. A. KOUTSANTONIS:** Do you have any influence in the cabinet?

**The CHAIR:** Member for West Torrens, that is a statement not a question.

**The Hon. A. KOUTSANTONIS:** No, it is a statement.

**The CHAIR:** Minister, have you completed that answer?

**The Hon. D.C. VAN HOLST PELLEKAAN:** No.

**The Hon. A. KOUTSANTONIS:** If we can turn to—

**The CHAIR:** Member for West Torrens, just a moment. We are almost 55 minutes in, and the member for King has been waiting patiently for her question.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Sorry, I had not finished my answer.

**The CHAIR:** Minister you have the call, and then we will go to the member for King.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Thank you very much, and thanks for your patience, member for King. The issue of my opinion, while it is very, very relevant in the cabinet room, is not relevant to public discussion about whether or not the Attorney-General will choose to release the report.

**The Hon. A. KOUTSANTONIS:** Yes, I know how much clout you have in the cabinet room.

**The CHAIR:** Member for King.

**Ms LUETHEN:** I refer to Budget Paper 5, Budget Measures Statement, page 57. How do households access the grants in the government's Home Battery Scheme?

**The Hon. D.C. VAN HOLST PELLEKAAN:** This is a very important question. As you know, 40,000 households over four years have the opportunity to access that. There will be an average grant of \$2,500 per household. We have already discussed the specific grant figures here. As to your question about how do they actually access it, the first thing to say is that they can start accessing it at the end of October. We want to make this as easy as possible to access for households who qualify. The household needs to be connected to the grid. This is not an opportunity for a stand-alone, off-grid household. That is important for people to understand.

Essentially, the household needs to accept a quote from an authorised battery provider who will take responsibility for the installation or an authorised installer who will take responsibility for the battery. We are creating a portal that householders can access. They can go online and enter the details of the quote that they have already received from the installer or the battery provider, the one that they are most interested in pursuing. They can enter that information into this online portal so that the system can ascertain that the quote comes from an organisation that is suitably qualified and high calibre.

The household can then also decide whether it wants to apply for a concessional loan for the balance of the purchase price of the battery and potentially the purchase price of solar panels. This is a truly outstanding opportunity. The household could potentially get a maximum \$6,000 subsidy towards the purchase of the battery and a lower interest loan for the remaining part of the purchase price of the battery and the solar. They need to have solar on their home to qualify. That can be a household that already has solar in place and wants to retrofit the battery, understanding that, for some households, that may not be particularly attractive if they are on a very high feed-in tariff.

A household might say, 'I'm getting 50-something cents a kilowatt hour already. I don't want to lose that. I can get it for another 10 years, so I would prefer not to change.' That is terrific; that household is in great shape. Let them stay as they are and let someone else who does not already have that benefit get this new benefit. If a household wants to pursue the opportunity for this concessional loan—even just to get information about it, let alone actually accept it—then they can essentially make a fairly easy online application.

They can provide information about their financial position confidentially online. They can also get a conditional approval of that application in a relatively short space of time. 'Conditional' means that they will have to follow up to prove that the information that they have given is accurate. Essentially, the household can go online, provide the information from the quote, find out what subsidy they would receive, find out what financial loan support they would receive and then make a decision about whether or not they want to proceed.

Importantly, people who do not have access to or are not comfortable with using the internet will be supported in other ways so that they can still get the full benefit. They can still have access. We would like as many people as possible to access it online because that makes it more efficient and more expedient to operate the scheme, but we will make sure that people who have difficulty accessing it online are supported to do that.

**The Hon. A. KOUTSANTONIS:** I refer the minister to table 2.6 on page 29 of Budget Paper 3, chapter 2. There is a list of savings for Energy and Mining totalling \$18 million over the forward estimates. What is the headcount reduction as a result of those savings?

**The Hon. D.C. VAN HOLST PELLEKAAN:** The 2018-19 full-time equivalent budget for the Department for Energy and Mining is 332.9 FTEs. An upward trend in the departmental workforce reflects bringing my ministerial office resources into the new department's accounts and delivering on our election commitments, in particular the energy solution.

The 2018-19 budget includes 13 FTEs for the office of the Minister for Energy and Mining, and 319.8 FTEs transferred in from the Department of the Premier and Cabinet for the following groups: the mineral resources and energy group, water industry technical group, safety regulation, the Low Carbon Economy Unit and the energy plan implementation task force. The increase in FTEs in the 2018-19 budget, compared with previous years, is due to the realignment of the energy implementations budget in 2018-19 to more accurately reflect the positions working under the program under the Department for Energy and Mining (DEM).

While the energy implementation task force operated under DPC in 2017-18, staff were seconded from other teams within DPC to work on the task force's operations and deliverables. Positions for these staff members have been created under the DEM, with the 2018-19 budget being adjusted to match the number of required staff. I am advised that this has contributed an additional 12 FTEs to the workforce from 2018-19, when compared to 2016-17 actuals.

**The Hon. A. KOUTSANTONIS:** I did not ask about full-time equivalents: I asked for headcount. Do you understand the difference between an FTE and a headcount?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I will answer your second question first, and the answer to that is yes. The answer to your first question is: over the forward estimates the Department for Energy and Mining budgeted FTEs will reduce by approximately 10 per cent, or the equivalent of almost 30 FTEs. The reduced workforce is consistent with implementation of approved savings measures. We will continue to deliver on our commitments in a more efficient manner by delivering more with less.

My department is committed to delivering on the government's priorities and this includes creating a sustainable financial position. To this end, we will rationalise the new Department for Energy and Mining structure, which will seek to achieve \$5.8 million of savings across four years by amalgamating functions and resources that deliver similar services to industry. Through the staged amalgamation of resources across the department, there will be increased collaboration of teams and functions that deliver like services, resulting in operational efficiencies—

**The Hon. A. KOUTSANTONIS:** Point of order, sir: I really am not trying to be difficult. I want to get a headcount reduction number.

**The CHAIR:** And we are getting to that, minister?

**The Hon. A. KOUTSANTONIS:** I do not think we are, sir. He is talking FTEs. What is your headcount reduction?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Through the staged amalgamation of resources across the department, there will be increased collaboration of teams and functions that deliver like services, resulting in operational efficiencies that support enhanced delivery to industry. Implementation of this measure will see a reduction in the departmental workforce of up to 20 FTEs directly related to this measure.

The Department for Energy and Mining's FTE budget decreases by 32.8 FTEs, from 332.9 in 2018-19, to 300.1 in 2021-22. In 2018-19, it will be 332.9; in 2019-20, 310.7; in 2020-21, 301.6; and in 2021-22, 300.1. The reduction in budgeted FTEs represents approximately 10 per cent of the workforce, which represents a reasonable balance between delivering government priorities efficiently and delivering a sustainable budget position. I am advised that the proposed amalgamation of functions in the new department will contribute a 20-FTE reduction across the forward estimates. The residual reduction of approximately 13 FTEs relates to the continuation of efficiencies implemented by the former government combined with the staging of resources required by the government to deliver its priorities.

With regard to the reduction in departmental workforce of up to 20 FTEs directly, I will take that question on notice to give the minister the predicted headcount number—that is, individual employees—connected to that 20 FTE number.

**The Hon. A. KOUTSANTONIS:** If I can turn now to Budget Paper 3, Budget Statement, page 31, table 2.8. It states under operating expenses that energy and mining has a \$70 million reduction over the forward estimates. Can the minister explain that? No doubt this is from your clout in the cabinet.

**The Hon. D.C. VAN HOLST PELLEKAAN:** The mineral resources and energy program represents in excess of 99 per cent of net costs of service of the department's programs. Mineral resources and energy comprises all functions of the department, with the exception of the water industry technical and safety regulation program, which is aligned to the Minister for Environment and Water.



In 2018-19, the mineral resources and energy program includes the sub-programs energy implementation and low carbon economy unit, which were reported under Program 1: Premier and Cabinet Policy and Support, in the 2017-18 budget. A decrease in the net cost of services of \$45.5 million is primarily due to a reduction in PACE programs that were completed in 2017-18 relating to PACE gas and PACE copper initiatives; completion of three-year funding support to Oz Minerals; reduction in expenditure for hydrogen refuelling stations; and the commencement of additional funding from Green Industry Fund to support the implementation of the Household Storage Subsidy Scheme and the Grid Scale Storage Fund.

An increase in net cost of service of \$116.1 million is primarily due to funding to deliver the former government's energy plan, comprising \$83.7 million for temporary emergency generators and \$9.3 million of funding for the Renewable Technology Fund, and implementation of the PACE gas program additional funding.

An increase in net cost of services of \$108.2 million is primarily due to funding to deliver the former government's energy plan, comprising \$83.7 million for temporary emergency generators and \$9.3 million of funding for the Renewable Technology Fund; expenditure for the energy productivity program for large business customers and expenditure budget from the Green Industry Fund to support hydrogen refuelling station; and fuel cell bus trial. If the shadow minister would like more detail about the forward estimates I would be happy to take that question on notice.

**The Hon. A. KOUTSANTONIS:** That was not my question. I note that the department has been hit pretty hard, but I suppose that is a matter for the advocacy within the cabinet.

**The CHAIR:** Do you have a question, member of West Torrens?

**The Hon. A. KOUTSANTONIS:** I do, sir, unfortunately. I refer to Budget Measures Statement, Budget Paper 5, page 59. This minister announced the end of the new mining royalty concession, a tax increase for miners, failed to fund the PACE program, introduced a moratorium on unconventional gas legislatively in this house in the parliament. Does the minister think that he is improving the investment attractiveness of mining in South Australia?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Absolutely. We are very positive about the future of mining in South Australia. In fact, indicators from a range of sources are very positive. We are extremely supportive of the mining/petroleum industries, and we have tremendous programs in place to be able to support them. The reality is that some programs have had some financial support reduced, but that is happening as an obligation across government to get the budget back on track after 16 years of Labor.

We have chosen very carefully how we will deliver the cuts that are necessary in our department. Nobody likes to cut. Nobody in industry likes to receive a cut. No government department likes to receive a cut. But the reality is that savings measures have been given to all agencies across government by the Treasurer and the Premier and cabinet. We have accepted these responsibilities, we will deliver on these responsibilities and we have found a way to deliver on those responsibilities while simultaneously providing an enormous amount of support for the mining and petroleum industry into the future.

**The Hon. A. KOUTSANTONIS:** Can you name another industry that has received a tax increase in this budget?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Can you tell me—

**The Hon. A. KOUTSANTONIS:** Can you name another industry that has received a tax increase in this budget?

**The CHAIR:** Member for West Torrens—

**The Hon. D.C. VAN HOLST PELLEKAAN:** Another industry apart from an industry connected to the Department for Energy and Mining?

**The Hon. A. KOUTSANTONIS:** Another sector of the economy that has received a tax increase other than the mining industry.

**The Hon. D.C. VAN HOLST PELLEKAAN:** I am here to answer questions about the Department for Energy and Mining.

**The Hon. A. KOUTSANTONIS:** That is right, because—

**The CHAIR:** Member for West Torrens, before you ask your next question, I might just ensure that the minister has completed his answer to your previous question?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes.

**The CHAIR:** He has. The member for West Torrens.

**The Hon. A. KOUTSANTONIS:** Would it surprise the minister to know that the South Australian Chamber of Mines and Energy made comments on the budget. They said this:

The Marshall Liberal Government is sending a clear message that resources sector investment is not supported in this State.

These policy and budget decisions create the perception that the Marshall Liberal Government do not value the economic contribution of the resources sector.

Can you name a single initiative in this budget that assists the resources sector?

**The Hon. D.C. VAN HOLST PELLEKAAN:** The answer to the first part of the question, yes, I am aware of that public statement. I am also—

**The Hon. A. KOUTSANTONIS:** Hardly a hotbed of socialist activity, SACOME, is it?

**The CHAIR:** Member for West Torrens, you have asked your question. The minister—

**The Hon. A. KOUTSANTONIS:** Hardly a branch of the Labor Party.

**The CHAIR:** The minister has the call.

**The Hon. D.C. VAN HOLST PELLEKAAN:** I am also aware of another statement that SACOME put out in connection with the budget and, given that the shadow minister has shared how highly he values SACOME's opinion, as do most people connected to this industry, and I have a very high—

**The Hon. A. KOUTSANTONIS:** It is pretty damning of you, isn't it?

**The CHAIR:** Member—

**The Hon. A. KOUTSANTONIS:** I would be upset, too, if I were you.

**The CHAIR:** Member for West Torrens, order! As we have been through before, you have asked a question, the minister is now responding and the minister has the call. You will have the opportunity in a moment to ask another question.

**The Hon. D.C. VAN HOLST PELLEKAAN:** And I have had a very, very positive working relationship with SACOME for many years, and I think very highly of the organisation. I am pleased that the shadow minister thinks highly of the organisation as well because then he will value as much as I do SACOME's other public statement about the budget, which from memory was jumping for joy based on our delivery of funding to duplicate or upgrade essentially the Joy Baluch Bridge. SACOME has made a very, very supportive, positive comment about the part of our budget that they like—

**The Hon. A. KOUTSANTONIS:** Point of order, sir—

**The CHAIR:** Point of order, the member for West Torrens.

**The Hon. A. KOUTSANTONIS:** My question was: can the minister point to an initiative in his agency that supports the resources sector? Any new initiative will do. Just name one.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Mr Chair, the shadow asked two questions, in fact, and I am just answering the first one at the moment. He asked me if I was aware of this—

**The CHAIR:** The minister is coming to answer the question put. The minister has the call.

**The Hon. D.C. VAN HOLST PELLEKAAN:** There were two questions, and I am finishing my answer to the first question, which was: am I aware of the statement? It would only be appropriate

for me to inform the shadow minister and the committee of both statements. Quite understandably, SACOME made an extremely positive, extremely supportive statement about the part of our budget that they like, and they made a negative statement about the part of our budget that they do not like. That is their right to do that. That is completely appropriate, and it is no different from any other industry advocacy group's behaviour: they put positive statements out about the parts they like, negative statements out about the parts that they do not like.

With regard to the shadow minister's question about whether there is anything in this budget that is good, I could talk for quite a long time—

**The Hon. A. KOUTSANTONIS:** Point of order, sir: that is not what I asked. I asked: can he point to an initiative in the Agency Statements—

**The CHAIR:** I am sure, member for West Torrens, that the minister is coming to answer the second part of your question right now.

**The Hon. A. KOUTSANTONIS:** Just one. Just one new initiative.

**The Hon. D.C. VAN HOLST PELLEKAAN:** I could talk for quite a long time about the positive things in the budget for the mining industry if he wants me to but, since he wants me to name just one, I will talk about ongoing support for the MinEx CRC.

**The Hon. A. KOUTSANTONIS:** Wow.

**The CHAIR:** Member for West Torrens!

**The Hon. D.C. VAN HOLST PELLEKAAN:** I certainly could have named many more if he wanted.

**The Hon. A. KOUTSANTONIS:** I refer to Budget Paper 5, page 58. Can the minister outline why the economic benefits of the \$56 million spent on PACE between 2004 and 2013, which resulted in an extra \$700 million invested in private mineral exploration—a 20:1 leverage—with an extra \$2.4 million in state mining revenues—a factor of 44 times—was insufficient to continue funding such an important program?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes, I can answer the question, but let me say right at the start that the shadow's logic that the benefits of the program being positive mean that the program automatically needs to continue is not accurate; that is not fair and reasonable. I have no hesitation in saying that the PACE program has been very positive. In fact, the program has lived under successive Liberal and Labor governments for a long time. I have spoken very publicly about my support for the PACE program, and it may well be that the PACE program is reinstated one day. In fact, I predict that it is very likely that the PACE program will be reinstated one day.

**The Hon. A. KOUTSANTONIS:** This is like your mythical Terramin dollar fund.

**The Hon. D.C. VAN HOLST PELLEKAAN:** The logic behind the PACE program is—

*The Hon. A. Koutsantonis interjecting:*

**The CHAIR:** Continue.

**The Hon. D.C. VAN HOLST PELLEKAAN:** The logic behind the PACE program is that it is taxpayer funded support for the exploration industry to do work at a time when without that financial support they would not be inclined or perhaps would not be able to undertake that exploration. Wanting to support industry to undertake that exploration, essentially through the bottom of the cycle, is a very sensible and very positive thing to do. The previous government did that, and I give them credit for that.

We are not in the bottom of the cycle anymore. The very positive benefits, some of which the shadow minister alluded to in his question, are still ahead of us. We are seeing the benefits of that PACE spending, but it is not necessary to continue that PACE spending at this time in the cycle when exploration is expected to increase without that funding support. Good on the previous government for funding PACE through the bottom of the cycle—

*Members interjecting:*

**The CHAIR:** Continue, minister.

**The Hon. D.C. VAN HOLST PELLEKAAN:** —as I have no doubt a Liberal government would have done also, but we are not in the bottom of the cycle any longer. The overwhelming majority of indicators are positive for the resources industry and, given that we had to make cuts somewhere, we decided that this is a place that would be an appropriate area to cut.

As I said before, nobody wants to make cuts. The government does not want to, the minister does not want to, the department does not want to and industry does not want to. But, given that we must make cuts, we decided that this was an area to make a cut. To be very clear, there is ongoing support for development of industry in excess of what was specifically the previous government's PACE funding. We have money going into the copper strategy, we have money going into the MinEx CRC. We are very supportive of the minerals and petroleum industries moving forward.

**The Hon. A. KOUTSANTONIS:** I am sorry, minister, I disagree with you and I have yet to find anyone in the industry who agrees with that. They all view this as a pretty bad budget for them. On that matter, I refer to Budget Paper 5, page 59. You increased taxes on the mining industry, the only industry to receive a tax increase in this budget. You have targeted the mining industry. Did you consult with any of the representative bodies of the mining industry before you abolished the concessional new mine rate?

**The Hon. D.C. VAN HOLST PELLEKAAN:** For the shadow minister to talk about increased taxes on the mining industry, he could only be talking about two possible things that I can think of. One is an increase in the fees to the opal mining industry. Again, I say that nobody wants a cut, nobody wants a fee increase, and I accept that—I understand that—but they are very small fee increases in the range of \$7 per year at the bottom end, going up to perhaps about \$30. I cannot tell you that number exactly, but they are very small increases per year.

About two weeks ago, officials from my department had a meeting in Coober Pedy with representatives from the local opal mining industry and this topic was raised. The feedback to me from that meeting was that it was not a particularly contentious issue. I say again that nobody wants to pay more, I really do understand that, but I do not think that characterising these increases to the opal mining industry as overwhelming taxes on the mining industry—

**The Hon. A. KOUTSANTONIS:** The new mine royalty rate?

**The Hon. D.C. VAN HOLST PELLEKAAN:** —is anywhere near accurate. In fact, it is inaccurate. The other thing that comes to mind that the shadow minister might be thinking about is the removal of the royalties concession on new mines. Again, it is not a tax increase but a removal of a discount on a royalty. Let me be very clear about how we have implemented this. What the shadow minister is probably—

**The Hon. A. KOUTSANTONIS:** It is like saying it is an excise rather than a levy.

**The CHAIR:** There will be no interjections. We have done very well. We are almost at the end of this committee stage. Minister, I ask you to continue.

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

**The Hon. D.C. VAN HOLST PELLEKAAN:** Thanks, Chair. What the shadow minister does not want on the record is actually very important. We removed the concession on royalties for new mines as carefully as we possibly could. The reality is any company that wants to get a new mine up still has until—

**The Hon. A. KOUTSANTONIS:** Point of order, sir: my question was not if they had done it carefully. It was: did they consult with anyone before they did it? It is a very simple question. Did you consult with any of the industry bodies before you removed this new mine rate? That is all I am asking.

**The Hon. D.C. VAN HOLST PELLEKAAN:** It is important to make sure that the committee fully understands the concession that the shadow minister is talking about. It is very important to talk about the removal of it in terms of exactly how it is being removed as part of the answer to the question. The reality is that any organisation that would like to apply for a concession on the royalties for a future—

**The Hon. A. KOUTSANTONIS:** I have been pretty cooperative during this committee. You have seen what committees can be like.

**The CHAIR:** Yes.

**The Hon. A. KOUTSANTONIS:** It is a pretty simple question.

**The CHAIR:** And do you have a point of order about—

**The Hon. A. KOUTSANTONIS:** Relevance.

**The CHAIR:** —the way this is being answered by the minister?

**The Hon. A. KOUTSANTONIS:** Yes, debate, relevance—choose whichever one you like, sir.

**The CHAIR:** All of the above. I uphold the point of order. Minister, can you return to the substance of the question, which is about consultation.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Consultation has occurred before, during and after all the difficult decisions that we have had to make with regard to this budget. That is pretty standard across the board, but I will not be going into the details of that consultation.

**The Hon. A. KOUTSANTONIS:** Sir, if I could just take the opportunity now to read the omnibus questions into the record?

**The CHAIR:** You can, absolutely, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** The omnibus questions are:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors with a total estimated cost above \$10,000, engaged between 17 March 2018 and 30 June 2018 by all departments and agencies reporting to the minister, listing the name of the consultant, contractor or service supplier, the estimated total cost of the work, the work undertaken and the method of appointment?

2. If the minister or anyone in his office owns, operates or controls a private email, whether he or anyone in his office has sent any emails from that private server?

3. Will the minister provide a detailed breakdown of the forecast expenditure on consultants and contractors with a total estimated cost above \$10,000 for the 2018-19 financial year to be engaged by 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?

4. For each department and agency for which the minister has responsibility:

- (a) How many FTEs were employed to provide communication and promotion activities in 2017-18 and what was their employment expense?
- (b) How many FTEs are budgeted to provide communication and promotion activities in 2018-19, 2019-20, 2020-21 and 2021-22, and what is their estimated employment expense?
- (c) The total cost of government-paid advertising, including campaigns, across all mediums in 2017-18 and budgeted cost for 2018-19.

5. For each grant program or fund the minister is responsible for please provide the following information for the 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 financial years:

- (a) The name of the program or fund;
- (b) The purpose of the program or fund;
- (c) Balance of the grant program or fund;
- (d) Budgeted (or actual) expenditure from the program or fund;
- (e) Budgeted (or actual) payments into the program or fund;

- (f) Carryovers into or from the program or fund;
- (g) Details, including the value and beneficiary, of any commitments already made to be funded from the program or fund; and
- (h) Whether the grant was subject to a grant agreement as required by Treasurer's Instructions 15.

6. For the period of 17 March 2018 and 30 June 2018, provide a breakdown of all grants paid by the department/agency that report to the minister, including when the payment was made to the recipient, and when the grant agreement was signed by both parties.

7. For each department and agency reporting to the minister:

- (a) The total number of FTEs in that department or agency;
- (b) The number of FTEs by division and/or business unit within the department or agency; and
- (c) The number of FTEs by classification in each division and/or business unit within the department or agency.

8. For each department and agency reporting to the minister, could you detail:

- (a) How much is allocated to be spent on targeted voluntary separation packages in 2018-19?
- (b) How many of the TVSPs are estimated to be funded?
- (c) What is the budget for TVSPs for financial years included in the forward estimates (by year), and how are these packages to be funded?

9. For each department or agency reporting to the minister in 2018-19 please provide the number of public servants broken down into headcount and FTE's 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.

10. Between 30 June 2017 and 17 March 2018, will the minister list the job title and total employment cost of SA executive positions—(1) which has been abolished and (2) which has been created?

11. Between 17 March 2018 and 30 June 2018, will the minister list the job title and total employment cost of SA executive positions—(1) which has been abolished and (2) which has been created?

12. For each year of the forward estimates, please provide the name and budget for each individual program administered by or on behalf of all departments and agencies reporting to the minister.

13. For each year of the forward estimates, please provide the name and budgeted expenditure across the 2018-19, 2019-20, 2020-21, 2021-22 financial years for each individual investing expenditure project administered by or on behalf of all departments and agencies reporting to the minister.

14. For each department or agency reporting to the minister how many surplus employees are there at 30 June 2018 and for each surplus employee, what is the title or classification of employee and the total cost of the employee?

With one minute to go, has the minister sent any emails relating to government business on a private email server not provided to him by the state?

**Mr McBRIDE:** On a point of order, Chair, what is the reference in the budget papers?

**The CHAIR:** I am going to allow that question; the minister can answer it.

**The Hon. D.C. VAN HOLST PELLEKAAN:** The answer is no.

**The CHAIR:** It was included in the omnibus questions, anyway, I think.

**The Hon. A. KOUTSANTONIS:** That is if he had any private servers or accounts.

**The CHAIR:** Thank you, member for West Torrens, thank you minister and thank you committee members. Having reached the allotted time, I declare the examination of the proposed payments for the portfolio Department for Energy and Mining, and the estimate of payments for the Department for Energy and Mining to be completed.

At 17:31 the committee adjourned to Thursday 27 September 2018 at 09:00.