

**HOUSE OF ASSEMBLY**  
**Wednesday 13 October 2010**  
**ESTIMATES COMMITTEE B**

**Chair:**

Mr T.R. Kenyon

**Members:**

Hon. M.J. Atkinson  
Mr M. Pengilly  
Mr D.G. Pisoni  
Mr A.J. Sibbons  
Mr I.H. Venning  
Mrs L.A. Vlahos

*The committee met at 09:59*

**DEPARTMENT OF FURTHER EDUCATION, EMPLOYMENT, SCIENCE AND TECHNOLOGY,**  
**\$442,078,000**

**Witness:**

The Hon. J.J. Snelling, Minister for Employment, Training and Further Education, Minister for Science and Information Economy, Minister for Road Safety, Minister for Veterans' Affairs.

**Departmental Advisers:**

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

Dr C. Fowler, Deputy Chief Executive, Planning, Policy and Innovation, Department of Further Education, Employment, Science and Technology.

Ms E. Bensted, Deputy Chief Executive, Employment and Training Services, Department of Further Education, Employment, Science and Technology.

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

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

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

**The Hon. J.J. SNELLING:** No.

**The CHAIR:** Member for Unley, are you happy with arrangements?

**Mr PISONI:** I believe it will be normal arrangements. I know that the minister is very competent, so I am not expecting a lot of government questions, but we will see.

**The Hon. J.J. SNELLING:** Can I quote you on that?

**Mr PISONI:** Well, it is in the *Hansard*, minister. As I said, if you are a competent minister there will not be a lot of government questions, will there?

**The CHAIR:** Changes to committee membership will be notified as they occur. Members should ensure the chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by

no later than 19 November 2010 which, this year, falls on a Friday. This year the *Hansard* supplement, which contains all estimates committee responses, will be finalised on Friday 3 December 2010.

I propose to allow the minister and the lead speaker for the opposition to each make a brief opening statement. There will be a flexible approach to giving the call for questions based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may, at the discretion of the chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*.

There is no formal facility for the tabling of documents before the committee. However, documents can be supplied to the chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house; that is, that it is purely statistical in nature and limited to one page in length. All questions are to be directed to the minister, not the minister's advisers, and the minister may refer questions to advisers for a response. I also advise that, for the purpose of the committees, television coverage and filming will be allowed from both the northern and southern galleries.

I declare the proposed payments open for examination, and refer members to the Portfolio Statements, Volume 4, Part 14. I call on the minister to make a brief statement, should he wish to do so.

**The Hon. J.J. SNELLING:** I welcome this opportunity to present this introductory statement as the Minister for Employment, Training and Further Education. In March the state government set an ambitious target with its job strategy to create 100,000 new jobs for South Australia in our key industries. To make sure that we have the right people with the right skills to take on these jobs, we committed \$194 million to provide a total of 100,000 training places over the next six years. This budget has delivered on this pledge.

To deliver these new training places I am taking steps to modernise and enhance South Australia's VET system to make it even more responsive to student and industry demand. Skills for All sets out a blueprint for reforming and renewing the vocational education and training system. As part of the budget the government has also made a massive investment in TAFE infrastructure, committing \$125 million to build a new training centre on the former Mitsubishi Motors site at Tonsley Park.

The state-of-the-art new building and construction education hub will bring together TAFE, university and industry sectors for the first time in South Australia and transform the delivery of training for the building, construction and water industries in South Australia. The new centre is expected to be completed in late 2013 and will replace the ageing outdated campuses at O'Halloran Hill, Marleston and Panorama.

Another important reform the government has recently announced is to make certain that training providers operate under a robust regulatory system, particularly those who train overseas students studying in South Australia. I initiated the McCann review because I want South Australia to have the best practice standards in the vocational education and training sector. I want to ensure that we have a regulatory system that allows us to move quickly and effectively to sanction or remove those providers who are not playing by the rules. I have already told this place that I have accepted that McCann report recommendations and today I am releasing a draft consultation bill to amend the Training and Skills Development Act 2008 for public comment.

On a final note, I acknowledge that the Department of Further Education, Employment, Science and Technology achieved a balanced budget in 2009-10 while still developing the skills and capabilities of the state's workforce. The department set out several targets required to meet budget and did so while still maintaining revenue in the midst of the global financial crisis. Of course, further efficiencies will be made to meet forward budget targets. I am advised and expect this to happen without greatly affecting the delivery of programs and services. I welcome questions from members about the government's work in the portfolio area.

**Mr PISONI:** I have no opening statement; I will just get straight into questions. I refer to Budget Paper 6, page 155, CareerStart SA—cease salary subsidies to government agencies. It is \$12.9 million over four years. This program was set up predominantly to provide opportunities for the most disadvantaged in the labour market: people in state care, Aboriginal and Torres Strait Islanders, people with disability, the long-term unemployed, as well as young people—and we do have a very high youth unemployment rate here in South Australia. Is it likely that, given cuts

across the public sector agencies, they will in fact meet future salary costs for these positions through their agency budgets? Won't this measure be yet another example of the government's hardline cuts that affect opportunities for the disadvantaged in education and employment?

**The Hon. J.J. SNELLING:** CareerStart is principally a wage subsidy for trainees in the Public Service. In the past it has tried to meet those objectives of having a particular focus on people from disadvantaged backgrounds, but that is not its principal reason for existence. It exists as a wage subsidy for people wanting to enter the Public Service to do traineeships, for example, in your electorate office. The wages of trainees in electorate offices are subsidised under this scheme.

What we have done is, rather than having a special bucket of money for trainees in the Public Service, we expect individual departments through their normal employment practices to reach targets to have a certain percentage of their workforce as trainees and for those costs to be absorbed as part of their normal salary costs. We are still confident that the public sector will meet its obligations to have a certain percentage of its workforce as trainees and as part of its normal workforce development plans, but we will not be having a central bucket of money to provide wage subsidies for those trainees. Departments will have to meet those costs from within their existing budget.

**Mr PISONI:** That has been negotiated with other departments, has it? So you are not expecting a decline in trainees in government departments.

**The Hon. J.J. SNELLING:** No, we are confident that the departments will meet the costs. I think at the moment they are. There is no formal target at this stage, but we will be negotiating with the other government departments about having a target to have a certain percentage of their workforce as trainees.

**Mr PISONI:** Will the parliamentary electorate offices still be funded?

**The Hon. J.J. SNELLING:** They will still be funded; trainees will still be able to be employed in electorate offices, but they will be funded directly from Treasury rather than from my department.

**Mr PISONI:** That has been negotiated, has it; that is confirmed?

**The Hon. J.J. SNELLING:** Yes.

**Mr PISONI:** My next question again refers to Budget Paper 6, same page reference, referring to DFEEST: restructure—efficiencies. An amount of \$21.3 million over four years is a very large cut. Minister, can you assure the committee that you will be able to deliver these cuts without affecting the quality of service, and are you able to identify where these cuts will be coming from? The papers themselves are not clear, or they do not detail where the cuts are coming from. There were a number of cuts to staff in last year's budget as well, and I wonder whether I can have an update as to whether you are meeting the cuts that were committed to in last year's budget.

**The Hon. J.J. SNELLING:** These efficiencies will be met without affecting service delivery in the department. The efficiencies will basically be in corporate support services: for example, we are streamlining TAFE Corporate Services and HR. At the moment, each institute has its own unit, and we are streamlining it so that there will be one unit for all of DFEEST. Mr Garrand has just reminded me that in the past we have been able to increase training more efficiently in meeting budget savings targets.

**Mr PISONI:** So, what are those people, who will not be there after the cuts are in place, doing now, and why were they employed in the first instance if there is no benefit to service delivery?

**The Hon. J.J. SNELLING:** The sort of services they are delivering are things such as ICT and HR, and what we are doing is removing duplication. So, instead of having four separate areas effectively providing the same services for their own particular area (say, for example, one of the TAFE institutes), we are rolling them into one unit, which will provide those services across all the institutes and for the department as well.

**Mr PISONI:** How does that situation come into play, then? Basically, what you are saying is that you have more people than are required doing jobs in the department. How did that happen; how did these people become employed in the first instance?

**The Hon. J.J. SNELLING:** Well, you could say that about almost any efficiency the government undertakes. You could make an argument by saying, 'Why didn't the government do

this earlier?' It is just that we are always looking for ways in which the department can deliver its services more efficiently, and this is something which has been identified, as part of this budget process, as an area where we think we can make efficiencies without affecting frontline services, and we are doing so.

**Mr PISONI:** We have some detail, but are you able to bring back to the committee information on where the streamlined business processes and support functions are?

**The Hon. J.J. SNELLING:** I can give you plenty of detail; that is not a problem. The target will be achieved by the streamlining of business processes and support functions to improve productivity. Corporate support services will be restructured and integrated at a whole of DFEEST level instead of the four services that currently exist. There will be a reform of organisational arrangements to meet the future policy direction. The initiative will result in an increase in productivity and the delivery of programs. This initiative will save \$2.7 million in 2010-11 and \$21.4 million over the next four years.

**Mr PISONI:** On that, are you able to confirm whether the restructure proposed for the employment programs has been confirmed? In this restructure, we saw the removal of 27 classifications and trainees, from ASO1 through to ASO7, and at the same time we saw a reclassification of staff up to an ASO8 level. We went from three people on \$96,506 a year to 13 people at the ASO8 level, a net loss of 10 in this restructure. We saw 27 staff members on service delivery removed, with an increase in management staff (at the top level) of 10, so an increase in management positions from 10 to 13. In other words, we have fewer people delivering the service and more people managing it. There was a net saving there of \$621,000. One could argue that, if we did not have more ASO8 positions appointed or recognised in this restructure, you would be saving closer to \$1.6 million per annum. Has this restructure been confirmed, and what was the rationale?

**The Hon. J.J. SNELLING:** I am just wondering what the member for Unley is quoting from. Are you quoting from the review or from a document?

**Mr PISONI:** I am referring to your restructuring line in the budget, and I am quoting from a drop in my office.

**The Hon. J.J. SNELLING:** Okay; from a leaked document.

**Mr PISONI:** Yes.

**The Hon. J.J. SNELLING:** I will not say anything about the reliability of information which is dropped to the member for Unley.

**Mr PISONI:** The *Sunday Mail* reported on this—

*Members interjecting:*

**The CHAIR:** Order! I am tempted to interject now, and that is a bad thing, so let's settle down, shall we, seeing that I am the chairman?

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

**The CHAIR:** Member for Croydon.

**Mr PISONI:** The *Sunday Mail* reported on this and gave the department an opportunity to respond, and the department defended the changes as they were reported. We are taking it from that that these changes are happening; so, this is your opportunity, minister, to confirm whether it is happening.

**The Hon. J.J. SNELLING:** I am happy to let the member for Unley know that the numbers he has been provided with are incorrect. The information in that leaked document is not correct. There was a strategic review of the South Australia Works program, which was completed in January this year. The review acknowledged the overall effectiveness of South Australia Works, but recommended that the program be refocused, taking into account the changed labour market conditions and policy developments at the state-national level.

The SA Works Adult Community Education Program, an important program for adult numeracy and literacy development in South Australia, was also reviewed. So, SA Works, as part of our implementation of the recommendations of this review, is being refocused. An important consideration which I think members of the opposition will be interested to hear about is that we are devolving a lot of the work that SA Works does to the regions to make sure that things are done

from a more local level and that the planning and the operation of SA Works—those plans which are developed—are done at a local level. So, it has been refocused.

The principal objective is to contribute to an increase in workforce participation, which is one of the key policy objectives of the government. The primary role is to identify and respond to the skill development needs of each state government region. Location-specific services and customised programs were designed to respond to the needs of the individual, local industry and employers and local labour markets. There will be a greater focus on increasing foundation skills, especially literacy and numeracy, which I have mentioned.

The next steps are to target programs and services to provide pathways into learning and work for those with significant barriers to workforce participation, industry-based programs where part of SA Works will be delivered separately; some programs will be downscaled or ceased as part of that process. Over 21,580 people will benefit from SA Works programs, with at least 9,390 participating in work programs and 4,900 gaining a job. The total budget is \$22.085 million.

A new workforce participation directorate will be formed, incorporating the employment programs and Aboriginal policy coordination directorates. The restructuring will increase our capacity to develop strategic partnerships around key workforce participation agendas, particularly with the federal government, and strengthen the front-line service delivery of SA Works in each of the state's regions, with a particular focus on increasing opportunities for Aboriginal people.

One of the things which became apparent as part of the review was that there were many things that we were doing in SA Works which were closely aligned with what the commonwealth is doing, so we have been very careful not to simply duplicate programs being run by the commonwealth and to run the SA Works program at a far more cooperative or more engaged level with the commonwealth and make sure that we are not simply duplicating what the commonwealth is doing.

A large group of people was engaged in the review: Mr Bill Cossey was the chair of the reference group, Mr Grant Bellchamber was the representative of the Economic Development Board, Mr Peter Blacker was the Chair of the Regional Communities Consultative Council, Professor Denise Bradley is Chair of the Training and Skills Commission—

**Mr PISONI:** Mr Chair—

*An honourable member interjecting:*

**Mr PISONI:** No, I did not ask this question. Mr Chair, point of order.

**The Hon. J.J. SNELLING:** —Mr Chris Sheedy, state—

**The CHAIR:** Order! Point of order, member for Unley.

**Mr PISONI:** My question was specific to the employment programs restructure, and I am looking for more detail on that. You have claimed that the information I have is incorrect about the restructure. Can I please have the details of the employment programs restructure that is going through the process at the moment?

**The Hon. J.J. SNELLING:** I would happily do that. So you are after the changes in the employees who engage—

**Mr PISONI:** The employment programs. You have the employment programs, and you have the industry skills development directorates on the seventh floor.

**The Hon. J.J. SNELLING:** We are still in consultation. This is the most likely outcome, but please do not hold us to it because we are still in consultation, still deciding on the classifications. Essentially, there will be a reduction in FTEs of 11.6.

**Mr PISONI:** Can have the classifications of those FTEs?

**The Hon. J.J. SNELLING:** Yes, I can go through those. Currently, there is one director; there will continue to be one director. Currently, there are four people at classification MAS3, and that will stay the same. Currently, there are 2.8 positions at ASO8, and that will increase to four. Currently, there are 10.2 positions at ASO7, and that will change to 21.3. Currently, there are 18.3 FTEs at ASO6, and that will be reduced to 13.2. Currently, there are 14 positions at ASO5, and that will change to 11.

Currently, there are 18.4 positions at ASO4, and that will change to 13; 12.4 positions at ASO3, and that will change to 7.4; 10 positions at ASO2, and that will change to 8; and two

ASO1 positions, and they will be removed, so that will be zero ASO1 positions. There are two trainee positions, and that will reduce to one, but that will be replaced by a graduate. So, that comes to an overall change of 11.2 FTEs, but, as I said, I will qualify these figures by saying that this is all subject to consultation. These are not final figures and are subject to change.

**Mr PISONI:** What is the process of promoting staff from one classification to another? It appears, from information I have received and from your own statement, minister, that your department is suffering from a type of classification creep, where we are seeing more and more people increasing their classification. Your own draft describing the changes in the employment program's restructure shows us that there are fewer Indians and more chiefs. We have seen an increase in the higher end management level. Are you able to advise the committee whether we have seen a number of increases in classification for staff within your department, and on what basis have we seen that increase in classification?

**The Hon. J.J. SNELLING:** Are you asking a general question of the whole department or talking just about this particular directorate?

**Mr PISONI:** We will start with this directorate and then we can move, under the same budget line, through the classification creep throughout the department.

**The Hon. J.J. SNELLING:** Classification creep is a bit melodramatic. The key changes from these reforms will be changes in reclassifications from ASO4 to ASO6. I would not call someone classified as an ASO6 a chief as opposed to being an Indian. ASO6 is a mid-range Public Service level. You would be stretching it to describe an ASO6 as some sort of Public Service fat cat. ASO6 officers are mid-range public servants.

**Mr PISONI:** You increased your ASO8s.

**The Hon. J.J. SNELLING:** Likewise ASO8. I would not describe an ASO8 as being a chief, either. ASO8s are not executives. The key changes will be reclassification of people from ASO4 to ASO6: within that range is where the key changes are occurring. To try to characterise these changes as being about creating more executives in this directorate and striking at the heart of your mid-ranking public servant is just not correct.

The key thing is why we are making these changes. We are making these changes so that SA Works programs can be delivered more efficiently and most effectively help those people who rely on SA Works, and to fulfil the government's objectives to increase participation in the workforce, particularly in the regions where it is so important. You also asked about what principles or how these reclassifications were done. There is a set of HR principles, and when doing a reclassification these principles are negotiated and agreed with the PSA.

**Mr PISONI:** I refer to the review of programs and staffing in the employment programs and the Industry Skills Development Directorate: were members of the review beneficiaries of higher classification?

**The Hon. J.J. SNELLING:** This is an SA Works review?

**Mr PISONI:** This is the review of restructuring for the employment programs—the one we have just spoken about—and also industry skills development. Were members of the review committee, the public servants who conducted that review or worked on it, beneficiaries of higher classification at the end of the review?

**The Hon. J.J. SNELLING:** The short answer is no, because no reclassifications have yet occurred because of this review. These are things currently being worked out by the department. This is a process the department is going through, implementing the recommendations of the review. The numbers I have given you are still indicative and are yet to be confirmed. No-one in my department has as yet been reclassified as part of this process.

**Mr PISONI:** Well, are any of the indicative numbers beneficiaries of the higher classification?

**The Hon. J.J. SNELLING:** You brought up the Industry Skills Development Directorate?

**Mr PISONI:** Yes.

**The Hon. J.J. SNELLING:** So, you are asking about reclassifications in the ISDD, are you?

**Mr PISONI:** In that area, as well as in the employment programs area.

**The Hon. J.J. SNELLING:** There has been no review of the Industry Skills Development Directorate. That was established a couple of years ago, and their job is to implement the Productivity Places Program. So, there has been no review done of that. I am not quite sure what the member for Unley is getting at in terms of the ISDD because there has been no review conducted into the ISDD.

**Mr PISONI:** You said there was one a couple of years ago.

**The Hon. J.J. SNELLING:** The ISDD was only set up a couple of years ago.

**Mr PISONI:** You said there was one a couple of years ago.

**The Hon. J.J. SNELLING:** No, I said it was established a couple of years ago. It did not exist before two years ago. The reason for the existence of the ISDD is to support the Productivity Places Program. The Productivity Places Program is a joint commonwealth, state and employer program. It is funded 50 per cent by the commonwealth, 40 per cent by the state and 10 per cent by employers. It subsidises training, which is done through a tender process. So, training organisations or employers tender for the money to provide training, either to employees they have or to provide training places. The job of the ISDD is to administer that.

The PPP (Productivity Places Program) has only been in existence for a couple of years. It was an initiative of the commonwealth and, as I said, partly funded by the states. So, I am not quite sure where the member for Unley is going with the ISDD. There was a transfer over to the ISDD of the CareerStart program from SA Works, but that had no connection to the review that was done, and people all transferred at their existing classifications.

**Mr PISONI:** Do the efficiency targets that have been mentioned in previous budget lines include a review, or a monitoring, of absenteeism and use of government property within the department for private use? How is abuse of flexitime monitored, to ensure that those who do start early arrive early and stay at work, or alternatively, those who claim that they finish at a particular time have actually finished at that time? What processes do you have in place to ensure that the department is getting full value for money from departmental staff who are working on flexitime and using government property?

**The Hon. J.J. SNELLING:** Well, it is the responsibility of individual managers to manage the workers whom they are responsible for.

**Mr PISONI:** Well, there must be a process. There must be a standard process that somebody has written, that is, a guideline.

**The Hon. J.J. SNELLING:** There is and I am happy to read it to you.

**Mr PISONI:** You can bring it back to the committee—I would be happy with that.

**The Hon. J.J. SNELLING:** It is a standard Public Service guideline about how flexitime and use of government property are administered. They would be no different in my department from any other department, but the responsibility for the implementation of those guidelines rests with the individual managers as part of their responsibility to manage the people who are working under them.

**Mr PISONI:** How is it monitored?

**The Hon. J.J. SNELLING:** There is also an internal audit team. They regularly monitor these things.

**Mr PISONI:** They regularly monitor them. How are the reports presented and who are they presented to?

**The Hon. J.J. SNELLING:** If there is a particular allegation, then it is investigated and dealt with, depending upon the seriousness of it, either by the individual manager or one of the deputy CEOs or, indeed, the CEO if it is a serious enough allegation, and the individual employee would be disciplined.

**Mr PISONI:** Have there been occasions where that has happened?

**The Hon. J.J. SNELLING:** With about 3,700 staff employed in the department, chances are, yes, and disciplinary action has been taken.

**Mr PISONI:** Have there been comparisons with other departments?

**The Hon. J.J. SNELLING:** We would have to get that information for you.

**Mr PISONI:** I am happy for that to come back to the committee.

**The Hon. J.J. SNELLING:** The Public Service Commission would be the way to do it, but I have no reason to believe that my department is any different from any other department.

**Mr PISONI:** I refer the minister to Budget Paper 6, page 155, Excess staff—reduce, Operating Expenses. So, it is \$19.7 million over four years. Do you have an FTE equivalent as to what that will represent?

**The Hon. J.J. SNELLING:** In terms of excess staff, the FTE is 68.2 redeployees currently employed who do not have a funded position. I will clarify that. The initiative will save \$3.365 million for 2010-11. The initiative will save \$19.7 million over four years. The number of redeployees fluctuates. As at 30 June of this year, there were 71 redeployees, or 68.2 FTEs. The total salary cost of these was \$5.8 million. The 68.2 FTEs comprise: 40.7 FTEs, PSM act; 20.5 FTEs, TAFE act; seven FTEs, weekly paid employees; 34.21 FTEs were in funded placements at a total salary of \$2.8 million; and 33.99 FTEs were in unfunded placements at a total salary of \$3 million.

**Mr PISONI:** The next question is on the same budget paper, same page, Alternative Learning Options Program. There appears to be some confusion as to where adults over the age of 21 will be offered SACE courses; in other words, to be able to complete their secondary education. The education minister himself told budget estimates:

In fact, with the changes we have made to SACE the lion's share of SACE can be completed at TAFE...

However, he made previous comments in the media, one on ABC radio on 29 September, that 'We are not expecting TAFE to teach SACE,' and the budget papers themselves make the point that adults above the age of 21 will have limited access to schools and will need to access their education needs primarily through the TAFE system or from alternative providers. I am trying to establish what the options are for students who are studying SACE after the age of 21. It appears, from the latest comments from the education minister that TAFE is an option for SACE, so I am interested to know when that will begin and which TAFE colleges will be offering SACE for adults over the age of 21.

**The Hon. J.J. SNELLING:** I think the member for Unley might be a little confused. He mentioned the ALOP (Alternative Learnings Option Program): that has nothing to do with adult re-entry, it is something completely separate. In terms of the options for adults who want to go to university, there are far more options now than there ever have been in the past.

Universities have adult re-entry. A lot of what I have been trying to do as minister, one of the important reforms as part of the Skills for All process, has been to increase pathways from VET into higher education. So students will be able to get recognition; students wanting to go on to university will be able to use TAFE or VET as a pathway into university. I think that is what the minister for education has been talking about when he talked about TAFE being an option for some students.

Over the last 18 months TAFE SA has averaged documentation of just over 50 specific credit transfer arrangements with universities each six months. That means that universities have gone to TAFE for arrangements for the university to recognise prior learning that a student going into university has wanted recognised from a VET course.

**Mr PISONI:** I will try it again, minister. The question is SACE. Will TAFE offer adult students the ability to complete their SACE?

**The Hon. J.J. SNELLING:** The answer to your question is that adult students who want to go on to higher education can do so and get recognition. They can use TAFE as a pathway for higher education. That is what the minister for education is getting at in terms of other options available to adult students who want to undertake higher education.

**Mr PISONI:** With due respect, minister, in *Hansard* of 7 October the education minister said:

With the changes we have made to SACE the lion's share of SACE can be completed at TAFE.

He was specifically talking about SACE, not university entry. We know that SACE is a requirement for university entry—

**The Hon. J.J. SNELLING:** The reason people do SACE, principally, is to enter university. The point I am making is that unlike 10 years ago, as part of the reforms that have been undertaken in higher education by the commonwealth, it is no longer a requirement for adults to



necessarily undertake SACE to go into higher education. They can do so through a VET pathway, and TAFE provides that.

An interesting example of this is Flinders University, a particularly progressive university when it comes to these issues. It has introduced TAFELink, which guarantees entry to designated bachelor degrees for TAFE SA students. Similarly, the University of Adelaide has developed a guaranteed entry pathway from advanced diploma qualifications to a Bachelor of Innovation and Entrepreneurship. Of the three state universities, the University of South Australia continued to make the largest number of offers to VET graduates; so, 60 per cent of all VET offers in 2009 were from the University of South Australia.

So it is just not the case that if you are an adult wanting to undertake higher education you necessarily need SACE. There are a number of other options available, of which going through TAFE and getting a VET qualification is one. I think you had this discussion with the minister for education, and that is what he was getting at.

**Mr PISONI:** He mentioned SACE. So, from what I can gather, you are not prepared to say that SACE will be available at TAFE; it appears that the South Australian Certificate of Education will not be available from TAFE. I just want a yes or no answer, whether that will be available from—

**The Hon. J.J. SNELLING:** I can just keep repeating myself.

**Mr PISONI:** You are not answering the question, so there is no point in repeating yourself.

**The Hon. J.J. SNELLING:** It is going to be a very long morning session. The answer to your question is simply that the reason people do SACE is to go into higher education. If you want to go into higher education, you do not necessarily need your SACE. For an adult there are a number of other options available, one of which is having a VET qualification through TAFE.

**Mr PISONI:** We heard the universities state that they would only accept Certificate III in VET as part of the ATAR. Some of those VET courses could be 450 hours to get to certificate III. My understanding is that certificate III is not available in year 11, and a lot of certificate III requires on-the-job experience. What discussions has your department had with the universities in order to confirm that a certificate III would be required as part of the ATAR score?

**The Hon. J.J. SNELLING:** I am advised that there is a subcommittee, which sits underneath SATAC, which involves the universities and TAFE. They formulate these requirements.

**Mr PISONI:** Have they given you details of how a year 12 student would do 450 hours of TAFE or vocational education training on top of their year 12 subjects in order to get an ATAR score?

**The Hon. J.J. SNELLING:** Certificate III, for example, is what you would need to have a trade qualification. If you want to become a licensed plumber, electrician, builder or carpenter, certificate III is the VET requirement that you need to get your licence. It is highly unlikely that someone doing year 12 wanting to enter higher education to go to university would be undertaking study at certificate III level because certificate III is at a very high standard for vocational education. The students who are likely to get a VET qualification of up to certificate III are going to be students who are on a vocational pathway, not a pathway to higher education.

**Mr PISONI:** What's the point then? I do not understand what the point is of making an announcement that you need certificate III for your ATAR score to qualify to enter university, if you are saying that those completing certificate III in year 12 are unlikely to go to university.

**The Hon. J.J. SNELLING:** Not all certificate IIIs are the same. There are some certificate IIIs, as I pointed out, that lead towards a trade qualification; they are very intensive with long contact hours. There are other certificate IIIs which have shorter contact hours and which a person on a pathway to higher education would be able to complete as part of their year 12 studies. There is an ongoing debate about what certificate level would be the equivalent of SACE. The general but rather imperfect guide is that certificate III would be the equivalent of year 12, but that would vary, and there is a debate going on nationally at the moment trying to work that out.

**Mr PISONI:** What does the year 11 student take home from that, minister, if they want to go to university? Are you able to provide a list of the types of certificate III programs you would expect would be included as part of SACE and the ATAR for university entry?

**The Hon. J.J. SNELLING:** Well, the student would take good career advice about choosing the subjects appropriate to the pathway they were on. If they were on a VET pathway, certificate III in whatever it was they wanted to do post-school would be an appropriate subject to choose. If they were on a higher education pathway, they would want to choose something different.

**Mr PISONI:** Is the minister able to tell the committee the process that was involved in lowering the adult entry age for South Australian universities from 21 to 18?

**The Hon. J.J. SNELLING:** It was a university decision.

**Mr PISONI:** Your department was not involved at all in that decision?

**The Hon. J.J. SNELLING:** I do not think so, no.

**Mr PISONI:** Referring now to your office, minister, I refer to Budget paper 4, Volume 4, page 14.3, Ministerial Office Resources. The budget line shows you as having the same number of FTE staff as the previous minister in last year's budget papers but with an increase in staff costs of \$119,000. Are you able to explain that?

**The Hon. J.J. SNELLING:** I will have to take that on notice. I have additional responsibilities to those of the previous minister—I have Veterans' Affairs as part of my portfolio, and I do not know whether that has been included and whether that accounts for the increase in salary, but I am proud to have a very lean ministerial office.

**Mr PISONI:** How many of the ministerial staff you currently have in your office were staff of the member for Croydon in his capacity as a minister, and did any of them receive separation or termination packages?

**The Hon. J.J. SNELLING:** I am almost certain none of them would have. I am thinking about who came over—in terms of my ministerial staff?

**Mr PISONI:** Ministerial staff.

**The Hon. J.J. SNELLING:** Only one—only my chief of staff came over from the member for Croydon's office, and his employment was just continued on. He did not receive any redundancy payment of any sort.

**Mr PISONI:** How many FTE ministerial liaison officers employed by the department are also working in your office?

**The Hon. J.J. SNELLING:** 1.5 FTEs.

**Mr PISONI:** At what salary level?

**The Hon. J.J. SNELLING:** The officer is an ASO8. I can tell you the salary, but—

**Mr PISONI:** ASO8, \$96,000.

**The Hon. J.J. SNELLING:** No, it is lower than that; it is \$88,859.

**Mr PISONI:** It includes super.

**The Hon. J.J. SNELLING:** The point 5 is an ASO5, so her salary is \$28,686. These people are departmental officers working in my office, and it is getting a bit rough when they are expected to have their salary details hauled before a parliamentary committee. These people have done nothing wrong; they are public servants working in my office. I think it is a bit crook for the member for Unley to go down this path.

**Mr PISONI:** I am sorry you feel that way, minister, but this is about public accountability. We have not named those officers. You may or may not be aware, but there is a huge dispute at the moment between the government and major unions, the public sector union, in particular, calling for the head of the Premier—

**The Hon. J.J. SNELLING:** The principle is that I run a very clean office.

**Mr PISONI:** —and others because of public sector cuts. So, I think it is important—

**The CHAIR:** Order, member for Unley! There may be a huge public campaign, but it is not part of the budget. So, if you would like to restrict your—

**Mr PISONI:** Well, it is; they are budget cuts, Mr Kenyon.

**The CHAIR:** If you would like to maintain your questioning along the lines of the budget, we will keep going.

**Mr PISONI:** I think what would be important to the public on this issue is that the rhetoric of the Treasurer and the Premier during the budget estimates was that even ministerial officers will be receiving cuts, but we are yet to see any of that eventuate in this—

**The CHAIR:** Well, you have not even asked about it at this point, I have to say.

**Mr PISONI:** We have just seen a \$119,000 increase to the minister's personal staff—

**The CHAIR:** You have not once asked how he intends to cut his office—

**Mr PISONI:** —so I think—

**The CHAIR:** —so, it is a bit of a long bow to draw to say that that is where you are heading.

**Mr PISONI:** If you want to interject, you could—

**The CHAIR:** You do not talk over the top of me, because I am the chair.

**Mr PISONI:** —just sit down from the chair and get somebody else to do it.

**The CHAIR:** Member for Unley, I am the chairman; you do not talk over the top of me. I am not interjecting; I am maintaining order in the committee. Now, this can get pretty rowdy or it can stay quiet and civil as it has been for the last four days. It is up to you; you are the one looking for information. My suggestion to you—

**Mr PISONI:** It is not up to me; you are the chairman.

**The CHAIR:** My suggestion to you—

**Mr PENGILLY:** Back in your box, Mick. Just sit quietly; you've been a good boy.

**The CHAIR:** Member for Finniss, I did not even hear the member for Croydon then. I think you are just jumping up and down for the fun of it. Why don't you settle and keep signing your electorate letters. Member for Unley, if you would like to continue with your line of questioning, that is fine, but we will do it in a civil and ordered manner.

**Mr PISONI:** Thank you, Mr Chair. Further to your answers to questions about your ministerial staff, minister, the opposition certainly does not believe that it is not relevant to be scrutinising ministerial staff, considering that there is a lot of debate and a lot of disquiet amongst the public sector, in particular, about costs and cuts within the public sector and legislated cuts to Public Service terms and conditions. So, I think it is very relevant for me to raise this. It is just a bit cute to take the high moral ground on this issue. It will be interesting to see if the public, and even your own members of the Labor Party, and other unions, would agree with your view that it is a bit rich of me to raise that.

**The Hon. J.J. SNELLING:** It is unusual for the opposition to want to burn time in estimates.

**Mr PISONI:** It is all about getting things on *Hansard*. It is an open and accountable process.

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

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

**The Hon. J.J. SNELLING:** Can I respond, Mr Chair, to what the—

**The CHAIR:** Eventually—

**The Hon. J.J. SNELLING:** Just very briefly, sir, if I may. Purely facts.

**The CHAIR:** The member for Unley is eventually going to get around to a question and you can respond then.

**The Hon. J.J. SNELLING:** Can I just quickly say that, as the member for Unley has correctly observed, the budget has mandated 15 per cent cuts across all ministerial offices. That is a cut that we will meet in my ministerial office. In terms of the increase in salary costs, of mine compared to the previous minister's, I think he is comparing apples with oranges. Firstly, as I pointed out, I have additional responsibilities. I have veterans' affairs as an additional responsibility over what the previous minister had, so I would expect that might have some effect on my salary

costs, and there would just be a normal salary increase that you would expect from year to year as part of enterprise bargaining. If there is more, another explanation which I have not covered, I will come back to the committee.

**Mr PISONI:** I look forward to it, minister. I refer to Budget Paper 6, page 157, Training and other services—efficiencies, Operating Expenses. There is a saving here of \$11 million over three years, and this is in training areas, I imagine. This is a massive cut. There does not appear to be any detail in the explanation, other than the explanation goes on to say \$11 million over three years as a result of general efficiencies across training and employment programs to ensure cost-effective delivery of training. Minister, are you able to give the committee more detail about the efficiencies, how they will operate, and in what that will result in terms of cuts to full-time equivalent staff?

**The Hon. J.J. SNELLING:** It will not result in any cuts to FTEs as part of these efficiencies. I will get into the detail, but as a general—I beg your pardon. Sorry, I correct myself. There will be some reduction. These efficiencies will occur across the sector, including in TAFE, and so as part of the driving efficiencies in TAFE, there will be some FTE reductions, so that what I said earlier was not entirely correct.

Just as a broad general principle, the department and the government have been on a program over a number of years to bring down our training costs. South Australia, for a number of reasons, has VET training costs per hour that are comparatively high compared to the rest of the country—

**Mr PISONI:** Highest TAFE fees in the nation, I believe.

**The Hon. J.J. SNELLING:** No, we are not talking about TAFE fees. We are talking about the cost of delivering the training, not TAFE fees; they are something else. If you want to ask me about TAFE fees, I am more than happy to get into TAFE fees. As a principle we have been trying, and we have been remarkably successful in getting down the VET cost per hour in South Australia.

In 2008 the cost per hour was \$13.99. Between 2006 and 2009 the cost per hour nationally fell by 10.8 per cent, so nationally there was a reduction in the cost per hour of VET training. Because of the good work of the department and no doubt the previous minister, South Australia's reduced by 17 per cent. So what we have been doing is getting down the cost of delivery across the VET sector.

These efficiencies are part of an ongoing process involving efficiencies we have already achieved remarkably successfully. I do not think there are many areas across the public and private sector where you could point to such a substantial reduction in the cost of delivery. These efficiencies are about delivering the same amount of training but at a lower cost per hour. We want to make sure that taxpayer dollars are invested in training done as efficiently as possible and that we maximise our training dollar. That is what these efficiencies are about and how we will achieve them. It is multifaceted.

Across the sector we are driving down costs through contestability and moving towards a more contestable way to allocate our training dollars, and that is having the effect of driving down costs. We will continue to do that to make sure we invest the training dollar, the taxpayer subsidy of VET, as efficiently as possible.

**Mr PISONI:** I want to get back to the claim you made that you reduced your costs at a higher percentage, I think 17 per cent, in 12 months.

**The Hon. J.J. SNELLING:** No, it was between 2006 and 2009—over three years.

**Mr PISONI:** Down to \$13 something?

**The Hon. J.J. SNELLING:** The figures I have are for 2008. In nominal terms the cost per hour for 2009 is \$14.20, which is a nominal increase of 0.5 per cent but would represent a real decrease.

**Mr PISONI:** What was the starting point to achieve the 17 per cent decrease and how did it compare with other states?

**The Hon. J.J. SNELLING:** The figures I gave were for between 2006 and 2009, during which Australia's costs per hour fell by 10.8 per cent.

**Mr PISONI:** What was the cost per hour—that is what I am trying to determine?

**The Hon. J.J. SNELLING:** You want the dollar figure?

**Mr PISONI:** Yes.

**The Hon. J.J. SNELLING:** We would have to get that for you—we do not have the dollar figure. In 2006, the cost per hour for South Australia was \$16.26. We would need to do the sums. The NCVER (National Centre for Vocational Education and Research) the member for Unley might pay a visit—they are very interesting people. It is a national centre which does research and collates data on vocational education. It changed its methodology, I am advised, in how it calculated cost per hour, so from year to year it can be a little difficult to make comparisons.

The point is that, in broad terms, South Australia has substantially reduced the cost of its VET delivery. To draw it back to the budget, you are asking how we will achieve these efficiencies. We have already achieved substantial efficiencies in driving down the cost of VET delivery and we will continue to do so.

**Mr PISONI:** Can you give examples of what you have done to achieve those efficiencies?

**The Hon. J.J. SNELLING:** So, the efficiencies which the government has engaged in, the reforms in TAFE and the efficiencies we have been getting out of TAFE, are a large part of what has been driving down the cost per hour. By way of example, the infrastructure investment over the last 12 months will have a substantial effect on the cost of the delivery of vocational education in TAFE.

We will better utilise existing facilities. We have made changes to courses and moved courses to different locations to better utilise the facilities we have. I think previous ministers have been over this ground before, but TAFE in South Australia does have a very large footprint and we are taking steps to reduce that footprint so that we get better utilisation of facilities.

The other side of the coin is actually increasing the number of people going through VET education. So, as we have more people undertaking vocational education, that has an effect of driving down the cost per hour of delivery.

**Mr PISONI:** So, nothing specific.

**The Hon. J.J. SNELLING:** Well, I don't know that I can be any more specific. Reduced management structures and improved procurement are other examples of ways we have driven down costs. I mean, if you want to be specific, the whole point of our \$125 million investment at Tonsley with the new TAFE is to be able to more efficiently deliver vocational education training and to better utilise the facilities that we have.

So, if you want a specific example of how we will achieve those efficiencies, the closing of three ageing and no longer fit for purpose facilities which are costly to maintain, and building a new facility, will have a substantial effect on reducing the cost per hour of VET training.

**Mr PISONI:** You mentioned the new facility at Clovelly Park. Are you able to advise the committee whether the building program at Gilles Plains will be moved to that new facility?

**The Hon. J.J. SNELLING:** Yes, the wet trades will move to Tonsley.

**Mr PISONI:** The wet trades?

**The Hon. J.J. SNELLING:** Yes, and all the staff have been advised of that. So, as part of the Tonsley announcement, the department has been engaged in consultations with staff. Apparently there is a workshop next week—they will have the butchers paper out—so the staff are intimately involved in the process and being kept fully informed of changes to be made.

**Mr PISONI:** This next question refers to Budget Paper 4, Volume 4, page 14.18, Sub-program 1.3: Regulatory Services. I note that the budget for regulatory services is reduced by more than half a million dollars from the estimated result from last year, which was higher than the budgeted amount.

We know that currently, the Premier has been to India looking for more students. We know that, at the last minute, the Premier pulled out of a trip to China this week and Mr Conlon has gone in his place. I must say I am a bit surprised that the education minister, or the further education minister, did not go. However, that is obviously a choice for the government.

You have also made an announcement about increasing regulatory services. Are you able to explain to the committee why you are expecting to spend less money on regulatory services while at the same time aiming to get more foreign students, and to crack down—or put more resources into protecting those foreign students by ensuring that colleges here in South Australia

comply with the new set of regulations? When will we expect those new regulations to be tabled or presented to the parliament?

**The Hon. J.J. SNELLING:** The short answer to your question is that it is costing us less because we are undertaking a program of cost recovery in the regulatory section. So, we are expecting institutions, or RTOs that are wanting to be accredited to provide training—it is still heavily subsidised by the government—to pay an increased share of the cost of that regulation. In September 2010, the offset from fees, the cost recovery effect, was \$0.7 million per annum. At June 2011, that will increase to \$0.9 million, so there will be a \$200,000 increase in cost recovery by the agency. I think you were getting at the McCann review; that is being funded internally by the department. There will be an additional four FTEs in our regulatory directorate, and we will fund that internally.

**Mr PISONI:** Page 158 of Budget Paper 6, VET and higher education regulation fees. You mentioned a figure of \$0.7 million for cost recovery, but this is claiming to raise \$2.4 million over four years.

**The Hon. J.J. SNELLING:** The rate was 12 months.

**Mr PISONI:** So, that was an annual figure that you gave.

**The Hon. J.J. SNELLING:** So, the effect of these cost recovery changes will be: \$200,000 for 2010-11; \$400,000 for 2011-12; \$700,000 for 2012-13; and \$1.1 million for 2013-14.

**Mr PISONI:** Have you analysed the effect—on top of the strengthening of the Australian dollar—on fees for foreign students with these increased fees for colleges? Have you estimated what impact that might have on enrolments?

**The Hon. J.J. SNELLING:** I think the most important thing that South Australia can do is have a strong regulatory regime. It makes sense for the beneficiaries of that strong regulatory regime to make an increased contribution to it. The beneficiaries from a strong regulatory regime will be the VET providers, because South Australia will have a reputation of having a strong regulatory environment, and I think that in terms of attracting students who are looking for a quality VET education that will attract them to South Australia.

These changes might, potentially, have an effect on fees by a negligible, or nominal, amount. I do not expect that the increase will have any effect on student numbers, but what will affect student numbers, what does affect student numbers, or an important consideration for students wanting to come to Australia, is our reputation as a training provider. So, I think it is reasonable to undertake increased cost recovery efforts, bearing in mind that it is still heavily subsidised, to make sure that the beneficiaries of our regulatory regime—and having a strong regulatory regime—are making an increased contribution to it.

The other thing is, when you are talking about overseas students, that among the providers 356 are RTOs, of which 335 deliver to the local market and 82 are engaged in delivery to overseas students. So the effect it might have on overseas students will, I think, be fairly negligible.

**Mr PISONI:** I agree that it would be negligible if it were on its own, but there have been a lot of media reports in recent weeks, as the Australian dollar heads for parity with the US dollar, that it will, in fact, have an impact on our international student industry here in Australia. I would be interested if, for this committee, the minister could reconcile how it is justifiable to grant Carnegie Mellon, for example, \$19.5 million over four years, plus another \$3.8 million over another four years, to subsidise that university but rip \$2.4 million out of 82 colleges that provide for a much broader range of and many more foreign students. The timing does not seem to be good.

It also seems to be a fairly mean-spirited budget measure, because this was raised by the Sustainable Budget Commission as being a cut for the department, cutting those regulatory services and increasing the fees. Obviously, you have adopted that. The Premier said that it was a unanimous decision of the cabinet, so it was fully supported by the minister. Are you able to reconcile why you are happy to see these cuts to small private providers, and increased costs for those students, when just a few months prior to these cuts being announced in the budget, we saw Carnegie Mellon, which I know is not in your portfolio, but—

**The Hon. J.J. SNELLING:** Then why are you asking about it?

**Mr PISONI:** Because it is very relevant to the budget, it is relevant to further education. The Premier has actually said that the Carnegie Mellon university is an integral part of the international student strategy here in South Australia, and we know that there have been declining enrolments in Carnegie Mellon. We know that there have been three redundancies this year at

Carnegie Mellon, and we know that when the Premier has been asked, in the parliament, to confirm enrolment figures and accreditation information about Carnegie Mellon he has declined to bring that back to the parliament on two occasions now—

**The Hon. J.J. SNELLING:** You have to stop burning time. It is not a good look for an opposition to be burning time in estimates.

**Mr PISONI:** This is very important information—

**The Hon. J.J. SNELLING:** They are leading statements—

**The CHAIR:** Order!

**Mr PISONI:** This is very important information. You asked the question, so I give you the courtesy of —

**The CHAIR:** Order, member for Unley! You had the opportunity to give a statement and you declined to do so. Now is the time for questions. You can probably do a question in about a paragraph; it should not take two or three minutes of rambling to get to the point of the question. I ask you to get to your questions and get through it.

**The Hon. J.J. SNELLING:** He has been doing it all day, sir.

**The CHAIR:** Order! I warn the minister; he is poaching my line.

**Mr PENGILLY:** I have a point of order.

**The CHAIR:** You do not have to stand up, member for Finniss.

**Mr PENGILLY:** I forgot myself, sorry. I hear what you say—

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

**Mr PENGILLY:** Now, Mick; back into your cage, son. The minister is being deliberately provocative to the member for Unley, quite frankly, and he has no choice but to respond. I do not blame him.

**The CHAIR:** That is an interesting interpretation of events, member for Finniss, but it is probably an incorrect one—certainly, in my view, which is the only one that counts. Member for Unley, just get to your question. Questions and answers are the idea of estimates. We will work our way through this. It is only three-quarters of an hour, and we can all have a cup of tea—and, if you choose to, a Bex at the same time.

**Mr PISONI:** The minister interjected and I was simply responding to that interjection, and it is all very relevant information when it comes to further education here in South Australia.

**The CHAIR:** That may be, but you can do that in a grievance, member for Unley.

**Mr PISONI:** It does precursor my—

**The CHAIR:** You can get to a question pretty soon, so let's get to it.

**Mr PISONI:** So, the question is: how does that sit with you, minister? We have seen increases in subsidies to some universities here in South Australia (foreign universities)—

**The Hon. M.J. ATKINSON:** You are asking him how he feels about it?

**Mr PISONI:** Yes. I am sure the public would be very interested—since the Premier has said he wants to re-engage with the public—to hear how the minister can reconcile that situation.

**The Hon. J.J. SNELLING:** Mr Chairman, out of deference to you, I will resist the temptation to be drawn onto other budget items out my portfolio, because I know it is not something you would want. As tempting as it is to answer at length the member for Unley and his various allegations in his rather rambling tirade, I will not be drawn on issues which do not relate to my portfolio.

Earlier on, about 10 minutes ago, when the member for Unley first started his so-called question, he talked about the high Australian dollar. Certainly, I agree with him: the biggest challenge which our overseas student providers have, far beyond any charges which my department might place on them for accreditation and part of the cost recovery, involves the Australian dollar, which has a far greater effect than anything my department could do in terms of increasing their cost structures and increasing the cost to Australian students. The high Australian

dollar, relative to the US dollar and the relative attractiveness of the US as a market for overseas students, is probably one of the biggest challenges which the sector has at the moment.

The other significant challenge is the changes to the visa requirements. The commonwealth's changes to the visa requirements have made it far more onerous on students wanting to come to Australia to study. When you compare those requirements to requirements to study in other destinations—for example, the United States, which an overseas student might be considering—it makes Australia (not just South Australia) less attractive. In the days when the overseas student market took off, particularly the VET sector, at that stage we had a relatively low Australian dollar and that made it much more affordable. It made Australia a much more attractive destination for overseas students.

How can the government respond? An important way it can respond is by strengthening its regulatory regime. The deregistration of Adelaide Pacific International College was widely covered in India and had a lot of interest, and the fact that it was handled so well, I think, has had a strong and positive effect on South Australia's attractiveness. I want to build on South Australia's being an attractive place for overseas students because it has a reputation for quality.

We are moving to strengthen our regulatory regime. I think it would be bad policy for us not to engage in some attempts or some move towards cost recovery for strengthening that regulatory regime. User pays has been a bipartisan policy—both political parties have undertaken, where possible, a user pays principle. It is only fair that the beneficiaries of an improved regulatory environment should make a larger contribution towards those improvements.

The member for Unley suggested that there have been cuts to our regulatory efforts, and that is just not true. There have been no cuts to our regulatory section; we are expanding our regulatory section. We recognise the importance of regulation and the importance of having a quality VET sector in South Australia, so we are redirecting resources from the department into our regulatory directorate, giving them increased resources.

We are also undertaking a move to greater cost recovery from the sector; it is only fair. This is not anything novel; this is something that governments of all persuasions have been doing for a long time, that is, where a particular beneficiary can be identified, making efforts towards recovering the cost of those efforts, towards recovering the cost of that. There is nothing revolutionary about that, and it is something I am happy to move towards even further.

**Mr PISONI:** Can you advise the committee, minister, why it took more than 12 months for the department to act on Adelaide Pacific International College (APIC) after it was informed of the Motor Trade Association's concern about that organisation and its training and the fact that what was being offered was not recognised by the industry?

**The Hon. J.J. SNELLING:** Well, firstly, it is not true to say that it took 12 months to do anything. The first contact the MTA made with the then minister was in August 2009, but the first contact the MTA made with the department was in June 2009.

It is important to point out that the MTA's concerns, at least at that stage (and I do not think they have ever been about questions of quality at APIC specifically) is that the MTA has a difference of opinion about whether the mechanical trades can be taught in an institutional-based setting. The MTA runs a large group training organisation, involving the placing of apprentices with members of the MTA, and they do their apprenticeships in the normal way an apprenticeship should be done.

APIC and other training providers, including TAFE, teach qualifications to become a mechanic in an institutional setting, so they get their qualifications without being placed with an employer.

The introduction of institution-based training for mechanics and apprentices is part of a national move. It is not something unique to South Australia. It has been signed off nationally. So, the Motor Trade Association has long had an argument—and I respect it; it is perfectly entitled to that difference of opinion, and it does not particularly surprise me because it is one of the main competitors to institution-based training—

**Mr PISONI:** And the biggest employer in the motor industry.

**The Hon. J.J. SNELLING:** —within the sector over whether institution-based training is inferior to traditional apprenticeship-based training for mechanics. The important point to make is that the principal concern of the Motor Trade Association in all its dealings with both the previous minister and the department, and with me, has not been about the quality or the delivery of training



at Adelaide Pacific International College per se but a difference of opinion about the modality of that training—not whether it is institution based. The association's problem with it is that it is institution-based training.

The member for Unley has made an allegation that it took 12 months for the department to do anything when these complaints were first made. The first contact, I am advised, was in June 2009. If the member for Unley is claiming that it has taken 12 months, we would not have done anything until June this year. As the member for Unley would know full well, the department's involvement with Adelaide Pacific International College goes way back, before June 2009.

A site audit was done in August 2009 into the delivery of automotive mechanical technology to students. The MTA was invited to be a part of that site audit, and the association nominated Mr Richard Flashman, who participated in that audit. So, far from it taking 12 months for us to do anything, within two or three months of the MTA first raising any concerns—and, as I said, its concerns were of a more general nature, about institution training versus traditional apprenticeships—a site audit was conducted by the department with the involvement of a nomination of the Motor Trade Association. So, 12 months is just not correct.

**Mr PISONI:** My next question relates to Budget Paper 4, Volume 4, page 14.9, Reconciliation to agency costs of providing services. The budget papers tell us, minister, in relation to net costs of programs transferred, that, in particular, responsibility for the Royal Institute of Australia has been transferred from the Department of the Premier and Cabinet to DFEEST. It appears, minister, that you have now been passed the responsibility of raising the love child of the Premier and the Baroness Greenfield in the Royal Institute—

**The Hon. J.J. SNELLING:** Mr Chair, that is just offensive. That is an outrageous allegation. The member for Unley has a stupid grin—

**Mr PISONI:** It is not an allegation at all.

**The Hon. J.J. SNELLING:** —but it is a snide, underhand remark.

*An honourable member interjecting:*

**Mr PENGILLY:** On a point of order, Mr Chair, my colleague the member for Unley is a humble, quiet, unassuming fellow and he is being deliberately targeted by the minister.

**The CHAIR:** There are certain requirements, member for Finniss, on misleading the house.

**Mr PISONI:** It is poetic terms, Mr Chair.

**The CHAIR:** I don't know that you have ever written any poetry.

**Mr PISONI:** I have read a bit.

**The CHAIR:** *The boy stood on the burning deck?*

**Mr PISONI:** The budget line refers to \$8.3 million in state government spending over three years on the Royal Institute and the Bragg initiative. Can you expand on the details? What proportion of this amount is being spent on the Royal Institute in particular?

**The Hon. J.J. SNELLING:** Mr Chair, I am happy to answer this question, but it is not actually in this portfolio. It is in my science portfolio, which we are to come to this afternoon.

**The CHAIR:** If you can put that one aside then, member for Unley, we will come back to that.

**The Hon. J.J. SNELLING:** If we want to cancel the science one and do science now, I am happy to do that.

**The CHAIR:** In some ways it is in the hands of the member for Unley. If he wants to close off—

**The Hon. J.J. SNELLING:** If you want to close this off and move to science now, that is fine by me.

**Mr PISONI:** No, I do not want to close this off. We can come back to it.

**The CHAIR:** All right. We will do that at 3 o'clock.

**The Hon. J.J. SNELLING:** I can reassure the member for Unley, if he has run out of questions in this line, I won't—

**Mr PISONI:** On a point of order, I have not run out of questions—

**The Hon. J.J. SNELLING:** I won't make fun of him one little bit. It can be our little secret.

**Mr PISONI:** I have not run out of questions at all. As a matter of fact, your answers have been very long-winded, minister, because you have been—

*Members interjecting:*

**The CHAIR:** Order! Given that it is in science, and we will do that at 3 o'clock when that comes up—

**Mr PISONI:** To suggest that I have run out of questions is not right.

**The CHAIR:** Let's just move on to the next question.

**Mr PISONI:** The budget papers are not clear, minister, as to—

**The Hon. J.J. SNELLING:** We have some questions—

**The CHAIR:** Perhaps the minister can cease winding up the member for Unley.

**The Hon. J.J. SNELLING:** No, they are quite clear.

**Mr PISONI:** —where, within your department, the budget papers actually say that the responsibility has been transferred to the department.

**The Hon. J.J. SNELLING:** In the science and education—

**Mr PISONI:** It does not say that in the budget papers.

**The CHAIR:** Order, member for Unley! It is going to get a lot easier if, when I call order, you go quiet. It is a well accepted tradition. Perhaps the minister can cease provoking the member for Unley—

**The Hon. J.J. SNELLING:** I am sorry, sir.

**The CHAIR:** —and the member for Unley can move on to his next question.

**Mr PISONI:** It was spruiked as an education program by the Premier when he introduced it—

**The CHAIR:** There is no point in justifying your question, member for Unley. We have already established where it is going. Now let's just move on to the next question. You will get your opportunity to ask it in science.

**Mr PISONI:** I refer to Budget Paper 4, page 14.15, Sub-program 1.2: National Green Skills Agreement Implementation Group for South Australian VET. There are plans to cease the Youth Conservation Corps program, as recommended by the Sustainable Budget Commission, due to the duplication of the commonwealth programs. Were there other considerations concerning the conservation corps program for ceasing that program, such as a cost benefit analysis?

**The Hon. J.J. SNELLING:** That was received in the budget, but it was not accepted.

**Mr PISONI:** I am interested to know why it was not accepted, because we know that there was a report that was produced by the department in 2008 about the efficiencies of employment programs in the department, where this program was criticised as being very cost ineffective and not hitting its target group. I am curious to know why it is still there, whether it was considered to be removed, and whether you will be making changes to make it more efficient, as recommended in that report. The officers are aware of that report; it was confirmed last year by the previous minister that that report existed.

**The Hon. J.J. SNELLING:** The answer is that we will adopt the recommendations of the report and, if and when that program is run again, it will be done more efficiently.

**Mr PISONI:** When will that report that recommends that, amongst many other recommendations, actually be pursued or tabled?

**The Hon. J.J. SNELLING:** It is being gradually implemented.

**Mr PISONI:** So, it has gone beyond the draft?

**The Hon. J.J. SNELLING:** You are talking about the draft of this original report from 2008?

**Mr PISONI:** Yes.

**The Hon. J.J. SNELLING:** That is finalised and is in the course of being implemented. Part of it has been superseded by the review done into SA Works.

**Mr PISONI:** Is the report available? Was it tabled?

**The Hon. J.J. SNELLING:** The 2008 report?

**Mr PISONI:** The final report, yes.

**The Hon. J.J. SNELLING:** It was an internal report. We would be quite happy to make it available to you.

**Mr PISONI:** I would like to see it. I refer to Budget Paper 4, Volume 4, page 14.15, Sub-program 1.2: Performance Commentary, the Aboriginal employment strategy. Will the minister confirm whether, as part of the employment programs' restructure, Aboriginal employment brokers will now be reporting to regional coordinators?

**The Hon. J.J. SNELLING:** Yes, I can confirm that.

**Mr PISONI:** Do these coordinators have specialty experience in servicing the needs of Aboriginal people?

**The Hon. J.J. SNELLING:** The regional coordinators or the Aboriginal coordinators?

**Mr PISONI:** The regional coordinators.

**The Hon. J.J. SNELLING:** The Aboriginal coordinators will report to a regional coordinator and be feeding into a wider team. The Aboriginal coordinators, yes, presumably have expertise and knowledge.

**Mr PISONI:** These are regional coordinators.

**The Hon. J.J. SNELLING:** That is not their job. It is still in the process of appointing them, but the regional coordinators' job is to oversee a wider range of things than just services to Aboriginal people. The Aboriginal coordinators have the specialist knowledge about issues pertaining to Indigenous people, and they feed into the wider regional coordinators and the regional coordinators' responsibilities. The regional coordinators are in the process of being appointed. It is a new structure. That is happening as we speak, and they will be looking at them having a broad range of skills across various sectors.

**Mr PISONI:** Will Aboriginal experience be one of the skills you will be looking for?

**The Hon. J.J. SNELLING:** Potentially, particularly in the regional areas that have a high Indigenous population. Naturally we would expect them to have at least a general knowledge of Indigenous issues. That specialist detailed knowledge comes from the Aboriginal coordinators, and they feed information into the regional coordinator.

**Mr PISONI:** Are there any other cuts or restructuring within the Aboriginal employment area of DFEEST?

**The Hon. J.J. SNELLING:** Under the reforms to the SA Works program, where there is duplication with the commonwealth, there are efficiencies that we are trying to get. It does not make sense for us to be doing exactly the same things the commonwealth is doing. I expect that there may be some areas. The important thing is that we are strengthening our focus on Indigenous employment issues. Aboriginal people are amongst the most disadvantaged, particularly Aboriginal people in remote rural communities, and the department is stepping up a number of our programs providing services to Aboriginal people. In fact, I can announce that next week I will be visiting the APY lands to look at our service delivery to Aboriginal people on the APY lands.

**Mr PISONI:** Budget Paper 4, Volume 4, page 14.12, refers to Performance Commentary under sub-program 1.1. What was the reason for the non-reporting of WEA in 2009? Is that a new thing, that the WEA does not report?

**The Hon. J.J. SNELLING:** This is data which is collected by the NCVET—that marvellous body which I strongly suggest the member for Unley go and visit and have a chat to. They collect the data. They did not collect the data from the WEA because it is non-accredited training that the WEA provides. It should be included because it nonetheless is training and will be in the future.

**Mr PISONI:** So, it was a one off?

**The Hon. J.J. SNELLING:** It was a one-off oversight.

**Mr PISONI:** The minister keeps referring to me visiting the NVWECR.

**The Hon. J.J. SNELLING:** The NCVER: National Centre for Vocational Education Research.

**Mr PISONI:** That's it. I did actually attend the launch of a book just recently, and I noticed that you were not there. That was just across the road at Parliament House.

**The Hon. J.J. SNELLING:** Which book?

**Mr PISONI:** I don't recall the name of the book at the moment, but I did get a copy of it, and it is very interesting. On the same page, under Performance Indicators, 15-64 participation still shows the target for 2010-11 at 12 per cent, which is less than the 2009-10 target of 12.4 per cent.

**The Hon. J.J. SNELLING:** Sorry, what are you referring to, member for Unley? Participation of whom?

**Mr PISONI:** We have Performance Indicators on the same page, 14.12.

**The Hon. J.J. SNELLING:** Yes. Are you talking about students from non-English-speaking backgrounds?

**Mr PISONI:** For 'Proportion of South Australians aged 15-64 participating in VET', the targeted amount for 2009-10 was 12.4 per cent. The estimated result fell quite a bit short at 10.9 per cent, but you have actually lowered your target for 2010-11, despite the fact that there has been a concerted effort within the education department to encourage more students into VET training at high school and elsewhere. Are you able to explain the reasoning there?

**The Hon. J.J. SNELLING:** Well, if the member for Unley has a look, he will see there is a little (c) next to the 10.9 per cent. Do you see the little (c)?

**Mr PISONI:** Yes.

**The Hon. J.J. SNELLING:** That is a footnote, and if you go to page 14.14, you will see there are letters there—(a), (b), (c). If you read (c), it says:

The performance indicator on student participation in the VET system refers to activity based on Commonwealth and state recurrent and specific funding, and domestic and international student fee-for-service. The decrease in the 2009-10 Estimated Result for VET participation is due to WEA data being unable to be included in the 2009 and future National VET Provider Collection. If WEA was included it is estimated that the 2009-10 Estimated Result would be 11.4 per cent.

So, that is the reason for what appears on the surface to be a relatively low number. Under the Skills for All program there is \$194 million, which is the extra money that the government is investing to create 100,000 extra training places over the next six years. I strongly believe—and aim—that we will get that proportion of South Australians engaged in VET increased up to the national average which is 11.3 per cent. So, we want to get that figure up above the Australian average.

**Mr PISONI:** I am just a little confused. The question was a reference to the target being 12.4 per cent in 2009-10, and now there is a reduced target of 12.0 per cent.

**The Hon. J.J. SNELLING:** Why are we reducing the target? The reason for the 2009-10 target being quite high is that it was expected that with the global financial crisis unemployment would be high. Generally, when you have relatively high levels of unemployment people go into training because they are not employed, so a higher target was set for the 2009-10 financial year in the expectation that there would be higher levels of unemployment and, therefore, higher levels of people engaged in VET training. That did not occur: unemployment remained relatively steady; it did not reach the levels which were forecast.

So, there were fewer people engaged in training because unemployment remained relatively low. The reason for the reduction in the target for the year 2010-11 is that we have relatively low levels of unemployment. We would expect that there would be more people in employment, and that means that there are fewer people whom we would expect to be engaged in training.

**Mr PISONI:** But you did not have a promise of 100,000 more people in training when you made the initial target of 12.4 per cent. You have the target reduced at 12 per cent in 2010, after you have made a promise of 100,000 new training positions.

**The Hon. J.J. SNELLING:** Yes, those 100,000 training places are not all in 12 months; it is over six years.

**Mr PISONI:** Yes, but that must mean that there will be an increase in training positions. I am trying to establish—

**The Hon. J.J. SNELLING:** No doubt, in future years, the target will be increased to reflect that more people are engaged in training. You also have to remember that you cannot compare apples and oranges: one is raw numbers of people engaged in training and one is a percentage. The population of South Australia is increasing all the time, so we can increase the raw numbers of people engaged in training.

*Mr Pengilly interjecting:*

**The Hon. J.J. SNELLING:** Indeed, as the member for Finniss points out, I have made a special contribution—

**Mr PENGILLY:** A major contribution.

**The Hon. J.J. SNELLING:** —a major contribution—to assisting in that state population growth. It would be good if—

**Mr PENGILLY:** Very expensive it will turn out.

**The Hon. J.J. SNELLING:** Yes, indeed. So, as the state population increases, even though you have greater raw numbers of people engaged in training, the percentage of people engaged in training might be a relatively smaller increase. But, as I said, that is a target for 2010-11. I would expect that for future years that target will be higher, as the 100,000 extra training places are rolled out.

**Mr PISONI:** So, based on your analysis, minister, how many of the 100,000 training places are in addition to what you would expect on top of population growth?

**The Hon. J.J. SNELLING:** It is 100,000 extra training places.

**Mr PISONI:** Yes, but you just explained that—

**The Hon. J.J. SNELLING:** No, what I was explaining was the effect that has on the percentage. You can have, in raw numbers, an increase in the number of training places or, in raw numbers, an increase in the number of people engaged in training. The number of people engaged in training might go from, say, 120,000 to 150,000, just by way of example. Because of natural population increase that number, that increase, might not be well reflected in the percentage.

**Mr PISONI:** Yes, but 100,000 is raw numbers, jobs, training positions—

**The Hon. J.J. SNELLING:** The 100,000 is extra training positions, so the government is investing—

**Mr PISONI:** So these are over and above—

**The Hon. J.J. SNELLING:** Existing training places, that's right.

**Mr PISONI:** No, over and above what you would expect for training positions if training positions grew at the same rate as growth. I am trying to establish how many of the—

**The Hon. J.J. SNELLING:** You are getting a bit confused.

**Mr PISONI:** I am not getting confused at all. Let's just get that clarified.

**The Hon. J.J. SNELLING:** If you are not confused then you are doing a very good impersonation of someone who is terribly confused.

**Mr PISONI:** I am not getting confused at all.

**The Hon. J.J. SNELLING:** You are doing a very good impersonation of someone who is confused. The 100,000 refers to training places. The government is investing \$194 million to roll out 100,000 extra training places over the next six years. This percentage figure is the percentage of South Australians—

**Mr PISONI:** Forget about the percentage.

**The Hon. J.J. SNELLING:** That is what you were talking about; what you were asking me for is this percentage.

**Mr PISONI:** I am asking you to elaborate on the claim—

**The Hon. J.J. SNELLING:** Sorry, you have changed; you are asking me something different now.

**Mr PISONI:** No, you have answered that question. It was a new question—

**The Hon. J.J. SNELLING:** You are asking about this table on 14.12.

**The CHAIR:** Order!

**Mr PISONI:** It was a new question.

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

**The Hon. J.J. SNELLING:** You have changed questions, I see.

**Mr PISONI:** No, it was a supplementary to your question.

**The Hon. J.J. SNELLING:** Well, if it is a supplementary—

**The CHAIR:** Order! Member for Unley and the minister! I call the committee to order. It is a fairly straightforward procedure. To avoid confusion, perhaps the member for Unley would ask his question again and the minister can answer it.

**Mr PISONI:** In explaining the differences in the expectations of percentages of trainees, or those in VET training, the minister used the example of population growth. I was simply asking the minister if he could clarify how many of the 100,000 training positions that he has promised and funded are over and above what would be expected to happen within the population growth. In other words, if there was no \$194 million spent on 100,000 new training positions, how many training positions would there be in the current program? How many of those 100,000 are over and above what would happen if the growth patterns continue as they are now?

**The Hon. J.J. SNELLING:** You are confusing training places and people engaged in training. The 100,000 refers to 100,000 extra government-funded training places. The government is making a \$194 million investment over the next six years to create an extra 100,000 training places. Those extra training places occur regardless of what happens in population numbers. Whatever happens to the state population over the next six years has no bearing whatsoever on the 100,000 extra training places.

**Mr PISONI:** Is that it?

**The Hon. J.J. SNELLING:** I do not know how I can be any clearer.

**Mr PISONI:** How many of those will be in VET training?

**The Hon. J.J. SNELLING:** All of them. It is 100,000 extra VET training places over the next six years. That is regardless of population. The population could shrink, and there would still be 100,000 extra training places. Is that clear?

**Mr PISONI:** Are any of those training places included in the extra 100,000 jobs?

**The Hon. J.J. SNELLING:** They are important in that they will upskill the economy, make people more employable, and therefore create the conditions where the government will achieve its target of 100,000 extra jobs over the next six years. So they are important. If you are trying to say we are double counting, we are not. The connection between the two is to get the 100,000 extra jobs we need to create the 100,000 extra training places.

Jobs growth does not just depend on business conditions. The state economy can be doing very well, as it currently is, but to get the jobs growth that we are aiming for over and above the normal jobs growth you would expect means we have to get more people engaged in the workforce, we have to get our participation rate higher and we have to make sure that people have the skills they need to take advantage of those new sectors of the economy which are opening up in areas like mining and defence. These are high skilled jobs, so there is a connection between the two but the connection is not one of double counting; the connection is one of needing that extra investment in training if we are to achieve our target of 100,000 extra jobs.

**Mr PISONI:** But if somebody is employed in training—in other words, they are receiving some sort of salary like an apprenticeship—will they be included in the 100,000 training positions or will they be included in the 100,000 jobs that the Premier promised?

**The Hon. J.J. SNELLING:** They are counted differently. The way the government will be held accountable for the 100,000 extra jobs is on the trend figures that are produced by the Australian Bureau of Statistics. At the end of the six years, the Australian Bureau of Statistics will issue a report and, based upon its trend figures, say how many jobs have been created in South Australia over the preceding six years. So they are counted completely differently.

**Mr PISONI:** Well, they are double counted.

**The Hon. J.J. SNELLING:** No, they are not double counted at all.

**Mr PISONI:** Either they are counted as training positions or they are counted as jobs. Some of them will be counted as both, I would imagine, if people are doing apprenticeships or traineeships.

**The Hon. J.J. SNELLING:** Potentially. If someone is doing an apprenticeship—

**Mr PISONI:** How many of them fall into that category?

**The Hon. J.J. SNELLING:** I think what the member for Unley is trying to suggest is that somehow we are using the training positions to buy jobs, and that is not the case. The government will be held accountable for its jobs pledge of 100,000 jobs from the statistics by the Australian Bureau of Statistics—the trend job growth statistics. As the member for Unley knows, we have our monthly ritual.

**Mr PISONI:** It is great fun, isn't it?

**The Hon. J.J. SNELLING:** It is great fun; I look forward to that second Thursday of every month.

**Mr PISONI:** They were very bad figures last time—the worst unemployment in the nation. You have been going backwards ever since the election.

**The Hon. J.J. SNELLING:** Sir, can I complete my answer or is the member for Unley determined to interject? So the 100,000 extra job places is a figure produced by the Australian Bureau of Statistics' trend figures. The government is providing the 100,000 training places through its investment of \$194 million. The connection between the two is that the 100,000 training places will create the conditions where the 100,000 extra jobs will be able to be achieved.

**Mr PISONI:** How many of the 100,000 jobs will be a result of the increase in the uptake of employment over the average of the last eight years?

**The Hon. J.J. SNELLING:** Please repeat the question.

**Mr PISONI:** Of the 100,000 jobs over the next six years, how many are included in that? Will they simply be a continuation of the jobs growth in South Australia over the last eight years, and how many will be—

**The Hon. J.J. SNELLING:** But these are new jobs.

**Mr PISONI:** Yes, the new jobs.

**The Hon. J.J. SNELLING:** As of the government's re-election, whatever the figure was, the 100,000 new jobs between that date and in six years' time.

**Mr PISONI:** Yes, but how many of them are on top of—

**The Hon. J.J. SNELLING:** 100,000.

**Mr PISONI:** They are on top of the growth rate we have been having previously, are they?

**The Hon. J.J. SNELLING:** We have already had a growth of 120,000. Since March 2002, the jobs growth has been 122,300 in the previous two terms of the government. So this is 100,000 jobs on top of that.

**Mr PISONI:** So it is actually a reduction in the number of jobs.

**The Hon. J.J. SNELLING:** For someone who claims not to be confused, the member for Unley does a remarkable impersonation of someone who is terribly confused.

**Mr PISONI:** Well, just answer the question.

**The Hon. J.J. SNELLING:** This is 100,000 extra jobs. As at September 2010, there were 813,400 people employed in South Australia. The promise will mean that there will be 900,000-odd people employed in South Australia in six years' time.

**Mr PISONI:** Yes, but if you did nothing? When you say 'extra jobs', it does appear to be misleading because people would expect new jobs to grow as the economy and the population grows.

**The Hon. J.J. SNELLING:** Okay.

**Mr PISONI:** The question is: how many of those jobs, in addition to the population growth, would you otherwise expect if an initiative was not in place to create 100,000 new jobs?

**The Hon. J.J. SNELLING:** I am very pleased that the member for Unley should ask me that question because we do have some comparative figures. If you want to know what would happen if we did nothing, we could have a look at the employment growth over the term of government of the previous Liberal government. Using trend figures, between March 2002 and September 2010, total employment in South Australia grew by 16.7 per cent, and that was a growth, as I said earlier, of 122,300 jobs. I think the best guide to what would happen if we did nothing would be to see what happened between December 1993 and February 2002, when the previous government was in office.

*Mr Pengilly interjecting:*

**The Hon. J.J. SNELLING:** Well, the member for Unley asked what would happen if we did nothing, and I think the previous government is a good indicator of what happens to jobs growth if you do nothing. In the previous government, jobs growth was 8 per cent, in trend terms, between December 1993 and February 2002, and there was a growth of 51,100 jobs, and that represents an average growth rate of 0.9 per cent per annum.

The answer to the member for Unley's question of 'What sort of jobs growth would you expect if you did nothing?' is that the jobs growth you would expect would be a jobs growth of about 8 per cent over a similar period of time, growth of about 51,000 jobs compared with 122,300 jobs and an annual jobs growth rate of 0.9 per cent as opposed to 1.9 per cent, which is the government's achievement.

**Mr PISONI:** How many more people would have been employed if South Australia had kept up with the national job growth figures over the last eight years compared with now?

**The Hon. J.J. SNELLING:** This state government has done incredibly well—

**Mr PISONI:** Answer that question.

**The CHAIR:** Order! I think we are straying well off any budget line now. Given that you have about three minutes, member for Unley, you might like to move on to your next question.

**Mr PISONI:** I refer to Budget Paper 4, Volume 4, page 14.6, where it states:

To develop the skills and capability of the state's workforce and to maximise the opportunities for all South Australians to engage in work.

So, I will ask the question again: what would the jobs growth rate have been in the last eight years if South Australia had kept up with the national trend in jobs growth?

**The Hon. J.J. SNELLING:** I am happy to make comparisons between the record this government has in jobs growth compared with your government any day.

**Mr PISONI:** But you will not answer that question because it is an embarrassment. I can tell you the figure is about 35,000 extra.

**The Hon. J.J. SNELLING:** Mr Chairman!

**The CHAIR:** Order!

**The Hon. J.J. SNELLING:** In full-time employment, the figures are even more stark. Full-time employment in South Australia grew by 16.8 per cent, in trend terms, between March 2002 and September this year, and that is a growth of 79,300 full-time jobs, or an average growth rate of 1.8 per cent per annum. Full-time employment in South Australia between December 1993 and February 2002 grew by 1.2 per cent—

**Mr PISONI:** Talk about the national comparisons—that was the question. I know you are embarrassed about it.

**The CHAIR:** Order, the member for Unley!

**The Hon. J.J. SNELLING:** I am getting to that if the member for Unley is a little bit patient. I am burning the clock for him because I know that he has run out of questions.



**Mr PISONI:** I have plenty of questions. I ask that that be withdrawn; I have not run out of questions.

**The Hon. J.J. SNELLING:** I don't want to see the member for Unley embarrassed because he has run out of questions.

**Mr PISONI:** I ask for that to be withdrawn; I haven't run out of questions.

**The CHAIR:** Order!

**Mr PISONI:** Unless the minister has evidence to the contrary, I ask for that to be withdrawn.

**The CHAIR:** The member for Unley and the minister will be quiet because I am calling order. I am also calling cup of tea time because it is now a quarter past 12. Time having expired for questions, I declare examination of the proposed payments adjourned until later on today.

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

**DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE, \$687,904,000**

**ADMINISTERED ITEMS FOR THE DEPARTMENT FOR TRANSPORT, ENERGY AND  
INFRASTRUCTURE, \$13,412,000**

**SOUTH AUSTRALIA POLICE, \$673,863,000**

**ADMINISTERED ITEMS FOR SOUTH AUSTRALIA POLICE, \$165,000**

**Membership:**

Mr Goldsworthy substituted for Mr Pisoni.

Mr Gardner substituted for Mr Venning.

**Witness:**

Hon. J.J. Snelling, Minister for Employment, Training and Further Education, Minister for Science and Information Economy, Minister for Road Safety, Minister for Veterans' Affairs.

**Departmental Advisers:**

Mr J. Hallion, Chief Executive, Department for Transport, Energy and Infrastructure.

Ms B. Killmier, Assistant Commissioner of Police, South Australia Police.

Mr P. Allan, Executive Director, Safety and Regulation, Department for Transport, Energy and Infrastructure.

Mr M. Small, Director, Road Safety, Department for Transport, Energy and Infrastructure and Registrar of Motor Vehicles.

Mr B. Cagialis, Chief Finance Officer, Department for Transport, Energy and Infrastructure.

Mr M. Palm, Manager, Budget and Investment Strategy, Department for Transport, Energy and Infrastructure.

Ms J. Holmes, Manager, Safer Roads and Vehicles, Department for Transport, Energy and Infrastructure.

Mr I. Hartmann, Manager, Financial Management, South Australia Police.

**The CHAIR:** I declare the proposed payments open for examination and refer members to the Portfolio Statements, Volume 3, Part 7 and Volume 2, Part 5. I call on the minister to make a brief statement, if he would like.

**The Hon. J.J. SNELLING:** The Rann government has continued to work towards achieving South Australia's Strategic Plan target of reducing fatalities to less than 90 and serious injuries to less than 1,000 per year by 2010, thereby reducing the impact of road trauma on the

community. As at today, there have been 91 fatalities on South Australian roads compared with 97 in 2009 and 95 over the last five years (2005-09).

While a lot of attention is given to fatalities, serious crashes can often result in permanent injury to victims and have substantial impacts on families and friends, and on the community in general. The total economic cost of both fatalities and serious injuries was \$746 million. While we have achieved a considerable reduction in fatalities and the current trend is relative to reaching the target, further commitment is required to reduce fatalities and serious injuries.

We are doing that in a number of ways. First, we are doing that through our infrastructure programs. On the road, the government continues to dedicate funding to the state Black Spot, Shoulder Sealing, Rural Road Safety, Responsive Road Safety and Level Crossings programs. An amount of \$33.88 million has been allocated to these programs, which are dedicated to improving the safety of the road network.

Secondly, we have introduced the graduated licensing scheme. Further enhancements to the graduated licensing scheme came into effect on 4 September this year, the main aim being to assist young people to develop their driving skills and behaviour to keep them safe on our roads. These changes have been backed up by the development of the new My Licence website to help pre-learners, L and P-plate drivers, driving instructors and parents to play their part in road safety.

Thirdly, we have introduced child restraint laws. New nationally approved child restraint laws were introduced in South Australia on 1 July. These new laws are expected to bring significant safety benefits to children. A communications plan was run from May 2010 to allow parents, carers and others responsible for transporting children in vehicles sufficient time to comply. After a three-month education period, SAPOL is now enforcing this measure.

Fitness to drive: I recently made significant changes to how a person's fitness to drive is assessed. The changes apply to drivers of a light vehicle who drive for a living. The Registrar of Motor Vehicles now has the ability to assess these drivers' fitness to drive in accordance with the commercial medical standards contained in the national Fitness to Drive Guidelines.

Finally, street racing: street racers face tough penalties under the Statutes Amendment (Driving Offences) Act 2010, passed by the parliament on 30 September. The legislation lifts illegal street racing on our streets from being a traffic offence to a criminal offence. The legislation includes a maximum penalty of up to three years' gaol and one year's loss of licence for the basic offence of street racing. A subsequent street racing offence will attract a minimum of five years' gaol and the minimum loss of licence for three years.

If an offender causes death or serious harm while street racing, they will face a maximum penalty of life imprisonment. Anyone who promotes or assists in staging a street race will also be subject to these tough new laws. Government is totally committed to road safety and will continue to develop new policies and strategies to make our roads safer for all road users.

**Mr GOLDSWORTHY:** I refer to Budget Paper 4, Volume 3, page 7.48, Safer Roads. Has the government considered making the left lane of the freeway from Crafers to the tollgate on the down track a heavy transport use only lane and/or imposing a lower speed limit on all heavy transport using that part of the freeway?

**The Hon. J.J. SNELLING:** We will have a look at all safety measures along the freeway going down to the tollgate, and, of course, we await the conclusions of the police investigation into the accident yesterday. We will consider any improvements to safety along that stretch of road.

**Mr GOLDSWORTHY:** That is all very well, minister, but you have been in government for nearly nine years. There has been a series of quite serious accidents or crashes on the freeway, particularly at the bottom of the freeway, and there is anecdotal evidence that there has been a spike in those types of crashes over the last year or two. I would have thought that the government would have been considering some firm measures to improve the safety on that particular part of the freeway.

**The Hon. J.J. SNELLING:** I am not interested in anecdotal evidence. I am interested in hard evidence. If there is hard evidence that safety measures need to be taken along that stretch of road, we will consider them.

**Mr GOLDSWORTHY:** Is there a time frame that you are prepared to put on that?

**The Hon. J.J. SNELLING:** Firstly, regarding the accident that happened yesterday, there is a police investigation. Assistant Commissioner Killmier might be able to add details to that. At the

conclusion of that investigation, we will consider any safety improvements that can be made along that stretch of road.

**Ms KILLMIER:** I guess the only thing I would say is that that is a current police investigation, and we have already started seriously looking at that. As it might go before the court, I guess we will have to wait for that investigation, but we, along with DTEI, will obviously be examining the whole system and whether we can make improvements to that road as part of the investigation.

**Mr GOLDSWORTHY:** Not a particularly satisfactory response to the issue, given the fact that there has been a number of crashes relating to heavy vehicles on the freeway, particularly on that section.

**The Hon. J.J. SNELLING:** The member of Kavel is making an allegation that there has been a number of accidents involving heavy vehicles. I would like to know if that is just an assertion, or whether there is some substratum of fact to that allegation.

**Mr GOLDSWORTHY:** We ask the questions, minister. Over recent times a truck has crashed down Cross Road. A semitrailer, a B-double, ran through the intersection of Portrush/Cross/Glen Osmond Roads—ran up on the footpath and crashed through the walls next to the fountain. There has been a series of crashes. I think what I am saying is factual, and I just make that statement. What improvements is the government making to the current programs for cyclists in an effort to assist their road safety?

**The Hon. J.J. SNELLING:** Cyclists actually come under minister Conlon, but my department has some information and I am happy to share it. For the 2010-11 state blackspot cycling projects administered by the department, bicycle lanes have been placed along Churchill Road/Grand Junction Road to Gladstone Avenue at a cost of \$32,000; in Cavan Road/Grand Junction Road to Port Wakefield Road, at a cost of \$40,000; Brighton Road/Jetty Road in Glenelg to Clubhouse Road, \$150,000; Victoria Road/Osborne Road to the Port River Expressway, \$63,000; Findon Road/Rowells Road/Port Road to Henley Beach Road, \$120,000; OG Road/Payneham Road to Tregoweth Crescent, \$80,000; and, along Highway 1 from Powerhouse Road to Geoff Street, Port Augusta northwest region, \$120,000.

Other bicycle projects completed by municipalities but with funding from the department include: Adelaide City Council, a bicycle crossing lantern in South Terrace/Anzac Highway/West Terrace, \$16,667; the hook turn bay, Grenfell Street/East Terrace, \$10,000; Wakefield Street to Gawler Place, \$6,667; bicycle lane with green pavement treatment Waymouth Street/Light Square intersection, \$13,333; Campbelltown City Council, a crossing improvement at St Bernard's Road, shared use path link to University SA crossing and crossing upgrade, \$28,733; City of Mount Barker, bicycle route upgrade; Malseed Park to Grant High School, \$10,800; City of Onkaparinga, shared use path, complete missing off-road links along Beach Road, \$153,333; City of Playford, bicycle lanes on Peachey Road, \$9,333; Whyalla City Council, shared use path and crossing, Slee Street/Playford Avenue and Whyalla wetlands, \$10,695; Lincoln Highway from Keith Street to Heurich Terrace, \$37,624.

That is a total budget for the 2010-11 financial year of \$892,300 for cycling blackspot programs. They are the on-road cycling changes. There is the Stuart O'Grady Bikeway, which is a component of the Northern Expressway: 23 kilometres of off-road bikeway (we do not have a cost for that); and the Amy Gillett Bikeway, stage 1 (Oakbank to Woodside), \$1 million (stage 2 will cost \$1.5 million). Over the life of the government, \$105.9 million has been spent on cycling facilities since coming to office.

**Mr GOLDSWORTHY:** On the same budget page, minister. How many new sites over the last 12 months have had red-light speed cameras installed?

**The Hon. J.J. SNELLING:** Five have been installed in the last 12 months: four are operational; one is still being tested.

**Mr GOLDSWORTHY:** Where is the one that is still being tested located?

**The Hon. J.J. SNELLING:** I do not think it would be wise for me to reveal that because people may break the law in the knowledge that the safety camera was not in operation. So, I respectfully decline to answer that question.

**Mr GOLDSWORTHY:** When you install them, do you run a test period before they are actually regarded as being operational?

**The Hon. J.J. SNELLING:** The answer is yes. Police do the testing.

**Mr GOLDSWORTHY:** How long is that period?

**The Hon. J.J. SNELLING:** I will ask Assistant Commissioner Killmier to go through the technicalities.

**Ms KILLMIER:** I cannot give you an exact time for that. I can take the question and get back to you on notice because sometimes it is dependent on the site. For example, we have to be able to get good access to it. That has to be worked out and then we have to work out, around where the site is, how we will test it. So, there are a number of variables in how long that testing takes.

**Mr GOLDSWORTHY:** Through the minister: I would have thought you would do that work before you actually installed the camera.

**The Hon. J.J. SNELLING:** No, because it is site specific. You do the testing based on the site. The testing is not to see whether the mechanics of the camera work, the testing is site specific. Testing has to be done on the camera at that particular site. I am sure the member for Kavel would agree with me on the importance of the accuracy of these cameras and so significant testing is done to ensure their accuracy.

**Mr GOLDSWORTHY:** Sure.

**The Hon. J.J. SNELLING:** The member for Kavel looks perplexed, but I am not quite sure why.

**Mr GOLDSWORTHY:** I mean, speed cameras and red-light cameras are not new technology, so I would have thought you could work all those matters out before you actually put it there as a fixture.

**The Hon. J.J. SNELLING:** There are a number of variables which can affect the operation of the camera, for example, lane width, the angle at which the camera operates, the operation of the intersection, the geometry of the intersection, the number of lanes—there are any number of variables. There is the exact siting because the cameras are not always put at the same distance from the intersection—that will vary. So, there are any number of variables which have to be taken into account to establish the effectiveness and accuracy of the camera. I do not know why the member for Kavel is making a big deal of this. It seems quite straightforward to me.

**Mr GOLDSWORTHY:** I think my question is self-explanatory. You have answered the question to the best of your ability. Now I refer to page 7.49, Sub-program 11.2: Safety and Community. Under Performance Indicators relating to the number of serious injuries on SA roads in one year, the 2010-11 target is 1,000. What is the trend in relation to this target? Are we going to come under the 1,000 or are we looking to go above the 1,000?

**The Hon. J.J. SNELLING:** Do you mean this year?

**Mr GOLDSWORTHY:** Yes.

**The Hon. J.J. SNELLING:** The 2010 calendar year?

**Mr GOLDSWORTHY:** Yes, I understand it runs on the calendar year.

**The Hon. J.J. SNELLING:** The thing about serious injuries is that unlike fatalities, where we get a day-to-day update on the number of fatalities, with serious injuries there is a lag. I can give you the number of serious injuries, but it might be a couple of months old. In terms of the trend, we have gone from 1,468 serious injuries in 2003 to 1,218 in 2008. The 2010 current figure, which is the 12 months leading up to March 2010, is 1,104. So, there is a downward trend. Whether we meet our target of less than 1,000 for the end of this year, I think we will come close but I do not think we will meet it, unfortunately, but the trend is down. We have to remember that for both fatalities and serious injuries the government has set a very ambitious target.

**Mr GOLDSWORTHY:** I understand your answer, but I have printed something off the website, and it tells us that total serious injuries year to date for this year, compared with last year, are up some 20-odd: 2009, total serious injuries, year to date, were 858, and total serious injuries, year to date 2010, are 879. So, those indications are that the trend is heading upwards.

**The Hon. J.J. SNELLING:** So, those figures are from the SAPOL website?

**Mr GOLDSWORTHY:** Yes.

**The Hon. J.J. SNELLING:** Those figures are preliminary figures, so that figure has not been updated.

**Mr GOLDSWORTHY:** Since when?

**The Hon. J.J. SNELLING:** It lags by about two months.

**Mr GOLDSWORTHY:** On the heading it has, 'Collision Serious Injuries To 12/10/2010,' so I would have thought it would be up-to-date as at last night.

**The Hon. J.J. SNELLING:** Unlike fatalities, which, sadly, either it is a fatality or it is not, so it is easily counted, serious injuries are somewhat difficult and that data is somewhat difficult to accumulate. The way it works is that, for it to be a serious injury, there has to be a hospital admission. The police have to go back, in their investigations of the crash, to see who and how many people were admitted to hospital as a result of the collision. So, those figures are preliminary figures. I should clarify what I said. The figure of 879 is not how many serious injuries there were two months ago; it is, essentially, an estimate of how many serious injuries there were as of today, but those figures need to be finalised. There will be some movement—it may be upwards or downwards—as the police conduct investigations.

**Mr GOLDSWORTHY:** You would not think there would be movement downwards if they are accurate up to a date, and then there are some preliminary figures (or however you describe it) after that date. The 2009 year to date figure is 12 months old, so you would think that would be quite accurate. There is some variance possible with the 2010 figure, but you would not expect the figure would drop; it could only go up. If it increases then the trend, compared to last year, is upward, given that was 858 last year and 879 this year.

**The Hon. J.J. SNELLING:** I can only repeat what I said. These are preliminary figures. They are compiled by the police, and they cannot be finalised until the police have completed their investigations. There is a lag in making determinations on the number of serious injuries because, unlike a fatality, when determining how many serious injuries have resulted from a crash the police have to conduct their investigations.

Going back to the member for Kavel's original point on what is the trend: the trend is that there has been a significant reduction in the number of serious injuries on our roads since 2003.

**Mr GOLDSWORTHY:** But not necessarily this year.

**The Hon. J.J. SNELLING:** Assistant Commissioner Killmier just clarified that a lot of people are taken from the scene of an accident to a hospital but are not actually admitted. They do not count as being a serious injury, so it may be that the figures do go down as the police conclude their investigations into each accident.

There has been a substantial reduction in serious injuries, a reduction of which the government is justly proud. That is not to say that we cannot improve further, and I would certainly be much happier being able to come here and say that I am supremely confident that we will meet our target of 1,000, but there is no doubt that we are heading towards that target. As I said, it is an ambitious target, and at the time we set it we were criticised as being completely unrealistic. However, we are coming very close to meeting it and we are confident that, in a short period of time, we will meet that reduction.

**Mr GOLDSWORTHY:** I refer to the same page. My question relates to the actual number of drivers or riders killed with a blood alcohol concentration above the legal limit. Looking at the table, the estimated result for 2009-10 is 23 and the target is 16. Again, it is a similar question: what is the trend so far in terms of looking at achieving that target or less? Everyone wants to have fewer drivers or riders killed, but how are we going with that trend?

**The Hon. J.J. SNELLING:** If you want to see long-term trend numbers, that is going back a bit, but you can see from the figures there that for 2008-09 there were 30, that has gone down in 2009-10 to 23, so that is a significant reduction. In the 12 months leading up to March 2010—so, this is a full year's worth of data—27 of the 78 drivers or riders killed (35 per cent), who were tested for BAC, had an illegal limit of .05 or above. So there were 27 leading up to March 2010; they are the most recent figures I am able to provide. Again, it is like the fatalities. There is no doubt that there is room for substantial improvement in those figures, which I would be very happy to see. I am confident that will continue to trend downwards.

**Mr GOLDSWORTHY:** So the latest stats are to 30 March.

**The Hon. J.J. SNELLING:** Well, the latest that I have to hand—if there is something more recent that I am able to provide to the committee, I will take it on notice. Assistant Commissioner Killmier might be able to provide more information to the committee about efforts the police are taking to make sure that we achieve our targets.

**Ms KILLMIER:** Talking about fatalities, as of 9 August, there were 77 fatalities on South Australian roads. You have heard the minister today say that we are up to 91. To date (as of August), nine of the fatalities were P-plate drivers, and 53 fatalities occurred in rural areas (of that 77). Country areas have certainly have been a big factor in fatal crashes this year. We have done a number of operations in the country to try to reduce those fatalities and serious injuries in the country, including putting focused traffic enforcement into country areas that we identified by intelligence as having high numbers.

In the category of serious injuries, 69 of those seriously injured were P-plate drivers this year; that is of the 77 as at 9 August 2010. Crash trends in relation to the fatal five, the areas that we police, resulting from an analysis of our crash data for the current year in relation to the previous year, indicate that drink-driving related fatal crashes are similar in comparison. Speed related fatal crashes are similar. No-seatbelt fatalities are increasing, particularly in the country where we have seen a trend with that. Vulnerable road user fatalities have increased. Inattention related fatal crashes are increasing.

Of the 93 drivers and passengers who died in 2009, 25 per cent were not wearing a seatbelt. To date, 35 per cent of drivers and passengers who have died this year were not wearing a seatbelt, so we have seen an increase in that area. Policing, for us, is about changing driver behaviour and changing attitude. We recognise quite clearly that we are not responsible for all road safety. The community needs to be on board, and road safety is everybody's responsibility. Our effort is in enforcement and educating the public to take on and to be part of the solution, rather than being part of the problem. All of our traffic enforcement is focused towards reducing fatalities and serious injuries in that way.

**The Hon. J.J. SNELLING:** I might just add that in recent years we have taken a number of steps to try to reduce the incidence of drink-driving fatalities and serious injuries arising from drink driving. We have increased the number of breath tests being performed. We have introduced full-time mobile random breath testing and an immediate loss of licence for high-level drink drivers. At any time, anywhere, any place you can be pulled over and breath tested. We have increased penalties. Severe penalties now apply to drivers who commit drink-driving offences. They include heavy fines of up to \$2,500, licence disqualification, demerit points and, in some cases, imprisonment. On 1 May last year, we introduced the mandatory alcohol interlock scheme. The scheme requires drivers who commit a serious drink-driving offence to have an alcohol interlock fitted to their car at the end of their disqualification period for a period of 12 months.

SAPOL commenced roadside driver drug testing on 1 July 2006; after 12 months of operation of drug-driving legislation, this operation was reviewed. In 2008, roadside drug testing operations were expanded, and SAPOL currently tests approximately 2.4 per cent of licensed drivers every year. A number of recommendations were made to improve the drug-driving legislation and its operation as a result of the review, and these were passed by the parliament on 4 March last year.

So, the government is acutely aware of the need to reduce the incidence of drink-driving to make sure that we reach that target, which the member for Kavel has pointed out. We have introduced a number of measures to try to reduce that figure, and we are working closely with South Australia Police to do that.

**Mr GOLDSWORTHY:** As an additional comment to those comments made by the Assistant Commissioner, we are certainly aware of what we call the fatal five. I have done some research myself in terms of FOI-ing some information, via the government, and it is evident that, of the fatal five, the three main causes of fatalities were speeding, inattention and drink-driving; that is what I concluded from my own research through FOI—but all of those five obviously need to be continuously addressed.

**The Hon. J.J. SNELLING:** What stands out in the fatalities for this year to date, in terms of metropolitan fatalities, is that we have the lowest fatalities on our metropolitan roads this year probably ever—certainly for a long time in recent history—and we have had record-breaking reduction in metropolitan fatalities. There have been 35 fatalities on metropolitan roads up to this point, which is an historically low figure, except for 2008, which was a year when South Australia did particularly well.

However, the incidences of fatalities on country roads is 56, which is an unacceptably high figure. A significant part of what the police are doing to try to address that challenge is to increasingly move police resources into rural areas to try to improve the policing of drink-driving

and speeding—as you say, the fatal five—to try to drive that number down. It is in the rural areas where the big improvements need to be made.

**Mr PENGILLY:** I have a supplementary question on that. Minister, I hear what you are saying, but what are you going to do to assist country people who have no public transport whatsoever? I do not want to see any more deaths or injuries on country roads than you do, but the reality is that most of us who live in the bush have to drive tens of thousands of kilometres a year. We have no public transport to get us from A to B. I personally do not drink-drive or drug-drive, and I am sure that is the case with every other member in this place. It is all very well to say that you are increasing police patrols in the bush, but there is no help to get people to where they have to go, and that is the reality of it.

**The Hon. J.J. SNELLING:** I do not see the connection. People in the country are expected to obey the law. I do not think that a lack of alternatives is an excuse for speeding, drink-driving or engaging in any other dangerous driving habits. I appreciate the transport difficulties that country people face, but I do not see that as being an excuse for breaking the law.

**Mr PENGILLY:** I agree with you, minister, that it is not an excuse. It is all very well to say that here in the committee, but country people are frustrated. Why should metropolitan Adelaide have \$535 million spent on Adelaide Oval when we can get no public transport in the country to assist to lower the potential for road accidents? That is the question. I do not disagree with you about the accidents and the serious injuries, but it is a question of providing some alternative.

**Mr GOLDSWORTHY:** It is a question of mode of transport. People in rural areas do not have any options or alternatives but to drive their car on the road and not look to take public transport.

**The Hon. J.J. SNELLING:** I appreciate that, but the amount of traffic on our country roads and the population involved are a fraction of the situation in metropolitan Adelaide, yet we have a fatality number which is getting close to twice as many deaths on rural roads than on metropolitan roads. The key thing I and the police can do about that is to increase policing on our rural roads. It is absolutely imperative. The government has set a very ambitious target of 90 road fatalities. If we are to meet that target, we are going to meet it by getting those road fatalities down. I should also add to that the other things we are doing to try to reduce the number and severity of crashes on rural roads.

In the 2009-10 state budget, an additional \$23 million over four years was allocated for a safer road network in rural South Australia through the Rural Roads Safety Program. In 2009-10, \$9.48 million was allocated to deliver 24 projects in the Adelaide Hills—which will be of interest to the member for Kavel—and the Mid North, the South-East and Fleurieu Peninsula, which will be of interest to the member for Finnis.

**Mr GOLDSWORTHY:** Sorry to interrupt. How much in the Hills, did you say?

**The Hon. J.J. SNELLING:** It is \$9.48 million to deliver 24 projects across these areas. I can get a breakdown of that and get back to you. That was the 2009-10 budget. In the 2010-11 budget, an additional \$2 million of new funds has been allocated to improve head-on and cross-centrelines crashes on the Barossa Valley Way and the Noarlunga to Victor Harbor road through the installation of a median wire rope safety barrier, which has been very successful in reducing the incidence of head-on collisions on Port Wakefield Road.

The additional funds will complement the ongoing shoulder sealing program, which is incredibly important on rural roads. What we find on rural roads is: someone is driving along, they are fatigued, they momentarily doze off, the car drifts to the side of the road and, once the car is on the gravel, it is very difficult to control. Often, people try to over correct and end up hitting a tree on the other side of the road. So, the shoulder sealing program has been an incredibly important investment of funds to try to reduce the rural road toll. For the 2010-11 financial year, \$7.5 million has been allocated and will seal approximately a further 91 kilometres of rural roads.

**Mr GOLDSWORTHY:** On the same page, dealing with performance indicators, referring to the line 'No. of young people 16-24 killed or seriously injured on roads', the target set for this year is 308.

**The Hon. J.J. SNELLING:** Yes.

**Mr GOLDSWORTHY:** Last year the estimated result was 330. How are we trending with that, because, as we both know, drivers in that age group are over-represented in terms of fatalities and crashes in relation to the percentage they make up of the driving public?

**The Hon. J.J. SNELLING:** In the 12 months to the end of March 2010, 33 people aged 16 to 24 were killed in road crashes and 267 were seriously injured. Those are the most recent figures, for the 12 months to March 2010. Again, all these figures tell the same story. The trend figures are down. I would not be optimistic that we are going to meet the target, but again it is a very ambitious target that we have set and the trend is down, and while we might not reach that target in the time we would like, I am still confident that we will do it.

An important part of trying to reach that target is the introduction of the graduated licensing scheme, where we have increased the time that young people have to spend on their L plates from six months to 12 months. I do not have to tell anyone here that the most dangerous time in your driving career is when you go from L plates to P plates. Those first few months as a P-plate driver are the most dangerous time you will ever spend on the road.

We have increased that from six to 12 months; we have increased the minimum supervised driving time for learner's permit holders from 50 hours to 75 hours; and we have tightened the curfew conditions for novice drivers returning from a serious disqualification. Most importantly, an initiative that is close to my heart is restricting the vehicles that young P-plate drivers can drive so that P1 and P2-plate drivers under the age of 25 cannot drive high-powered cars. That means cars with engines of eight or more cylinders; turbocharged or supercharged engines, excluding those that are diesel powered; vehicles that have been modified to increase engine performance; and a number of nominated high-performance vehicles.

We have introduced a range of initiatives. The graduated licensing scheme only came into operation on 4 September, so it will be over the next 12 months or so, or more, that we will see the effect of the GLS in getting that number down. I am confident that we will reach that target. It would be nice to have reached it earlier. I would like to be more optimistic that we could reach it earlier, but I am confident that we will reach it very soon.

**Mr GOLDSWORTHY:** We supported all those legislative changes, minister, as you know.

**The Hon. J.J. SNELLING:** Absolutely.

**Mr GOLDSWORTHY:** I refer to page 7.48 and Safer Roads. In relation to the anti-hoon legislation, with the courts having the ability to seize, sell or crush cars, can the minister advise how many vehicles have been seized, sold or crushed under that legislation?

**The Hon. J.J. SNELLING:** South Australia Police figures show that in 2008-09, 3,156 vehicles were impounded or clamped for a total of 5,040 offences across South Australia. More than 6,150 vehicles have been clamped or impounded since the legislation was introduced in 2007.

**Mr GOLDSWORTHY:** How many have been sold?

**The Hon. J.J. SNELLING:** We do not have those figures, but we could get them back to you.

**Mr GOLDSWORTHY:** How many have been crushed?

**The Hon. J.J. SNELLING:** Watch this space. Assistant Commissioner Killmier is just reminding me that before a vehicle is crushed it has to be forfeited and that requires an order of the court. So there is a court process that has to be gone through for a vehicle to be crushed. The commissioner cannot just crush a car because he wakes up in the morning and feels like it. It has to be a car that has been forfeited.

The other thing to remember is that, in making a decision, the commissioner has a couple of options: one is to sell the car and, once sold, those funds go into the Victims of Crime Fund. If it is a high value car that has been forfeited, the commissioner has to weigh up the educative benefit of crushing the car and the benefit to the Victims of Crime Fund by selling it and those funds going to the Victims of Crime Fund.

They are considerations the commissioner has to consider and that is why a car has not been crushed as yet. You have to keep in mind that these laws came into effect on 14 February, so only a very small number of cars have been forfeited by the courts since 14 February.

**Mr GOLDSWORTHY:** Has the detail been worked out on how you will deal with any financial encumbrances on these vehicles to be sold or crushed?

**The Hon. J.J. SNELLING:** You have been listening to Leon Byner.

**Mr GOLDSWORTHY:** No.



**The Hon. J.J. SNELLING:** He asked me this exact question.

**Mr GOLDSWORTHY:** Being a retired banker and from the finance sector in a previous career, I know that a charge is placed on those vehicles. There is finance on those vehicles, lent to the owner to buy them. How do you deal with that?

**The Hon. J.J. SNELLING:** That is part of the consideration. The court makes the order to forfeit the vehicle and, in making that order on the forfeiture of the vehicle, they take those sorts of factors into account, whether the vehicle is under finance or not.

**Mr GOLDSWORTHY:** If a vehicle is to be sold, one would think the finance company would be paid out and the residual could go into the Victims of Crime Fund.

**The Hon. J.J. SNELLING:** That is a very good question. When the legislation was being debated, all these issues were canvassed and these are things the Attorney-General's Department, in forming the legislation, took into account. It is probably best if I get back to you with a complete answer, but essentially the answer is that when a vehicle is forfeited any finance company with an interest in the vehicle can assert those interests. It is in the bill.

Basically, if an encumbrance is in existence the finance company applies to the court for relief under section 21, and the court can order the release of the vehicle to the finance company or the sale of the vehicle. The court costs are taken from the proceeds and the balance goes to the finance company.

**Mr GOLDSWORTHY:** So it is similar to a repossession: if the borrower defaults on the contract, the finance company can repossess the vehicle, sell it in any manner they wish (auction or other form of sale), have the debt paid off and then—

**The Hon. J.J. SNELLING:** The court will make a determination and either orders the release of the vehicle to the finance company or orders the sale of the vehicle. The court costs are taken from the proceeds and the balance goes to the finance company. So, these are all issues which are taken care of in the bill. These are not new issues.

**Mr GOLDSWORTHY:** I understand that, but I still like to explore it here. So, that is in relation to the sale of a vehicle. If the vehicle is to be crushed, you wouldn't think that the court would necessarily go down that track because of the financing companies.

**The Hon. J.J. SNELLING:** Well, it is the prerogative of the police commissioner to crush.

**Mr GOLDSWORTHY:** You wouldn't think that the police commissioner would go down that track.

**The Hon. J.J. SNELLING:** If there is no encumbrance on the vehicle, the vehicle is disposed of. How that is done is the decision of the police commissioner. He can either sell it in public auction or publicly crush it, or if the value is lower than the cost of auction, it can be scrap metalled.

**Mr GARDNER:** I refer to Budget Paper 4, Volume 3, page 7.48: Safer Roads, particularly in relation to measures that will be improvements for pedestrians. I am concerned, as you know, about the issue for pedestrians at the St Francis of Assisi Church in Newton. We were very pleased that you were able to come out to the Montevergine Festa a few weeks ago with some of your children, and see the site itself. We are always happy to have you in Morialta.

The issue has been canvassed over the last 12 months and earlier, including from a petition that was circulated by my predecessor and the Hon. Carmel Zollo, and received in the house. Of course, the community is seeking traffic lights at that intersection to improve road safety. You and I have had significant correspondence over this matter and in your most recent correspondence you basically made it clear that the government's preference is to install a right-hand turning lane at the intersection and that traffic lights might not be necessary.

I have a couple of questions in relation to this. Firstly, and I am happy for you to take this one on notice if you would like, I would be interested to know what estimate the department has put on what the cost of installing traffic lights would be. More to the point, the Campbelltown council and I have been seeking a copy of the road management plan for Newton Road and St Bernards Road which the department has been working towards over a fair bit of time. Again, my predecessor wrote to constituents in Newton in February, saying that a draft had been prepared that had identified this intersection as meeting the crash criteria under the blackspot program.

So clearly, in February apparently, the draft was ready. In July, the Campbelltown council was advised it was two or three weeks away, and the council is still waiting, and I am still waiting, for a copy of that road management plan. When will it be ready and can I please have a copy?

**The Hon. J.J. SNELLING:** Can you please have a copy? Yes, we normally would provide that to the council and any other interested parties. It is expected to be completed by the end of October. By the end of this month, we expect it to be completed.

When making decisions about whether or not to install traffic lights, cost is just one of the factors which are taken into account. Traffic lights can have a significant impact on the flow of traffic and wider traffic management issues. So, making a decision whether or not to install a set of traffic lights is not just a question of cost and whether we can afford it or where it fits in the list of priorities. It is one consideration, but it is also a consideration of what effect installing a set of traffic lights would have on traffic management issues, and whether that has wider implications for the management of traffic in that area. So, that is why the department has undertaken a road management plan. I expect that to be completed by the end of the month and I would be happy to provide that to you.

**Mr GARDNER:** Is there any explanation for the significant delay in producing that road management plan? Sorry, that should be 'significant series of delays'.

**The Hon. J.J. SNELLING:** All I can do is assure the member for Morialta that our expectation is that it will be done by the end of this month. I am confident that if I do not get it to him by the end of the month he will be hounding me for it.

**Mr GARDNER:** I certainly will.

**Mr GOLDSWORTHY:** Have we got time for one more question?

**The CHAIR:** We have time for the omnibus questions and then we are done.

**Mr GOLDSWORTHY:** We have time for one more question.

**The CHAIR:** By the time you get through the omnibus questions it will be 2.15pm and you won't.

**Mr GOLDSWORTHY:** But we are just going to move to have them tabled.

**The CHAIR:** You don't have to put the omnibus questions in if you don't want to.

**Mr GOLDSWORTHY:** Well, we do; we want to.

**The CHAIR:** Then you had better do it.

**Mr GOLDSWORTHY:** Can we move that they be tabled without reading them?

**The CHAIR:** You can seek leave.

**Mr GOLDSWORTHY:** Can I seek leave?

**The CHAIR:** Yes, leave is sought. We have just been seeking leave to have them inserted without reading. If you are okay to do that?

*The Hon. J.J. Snelling interjecting:*

**The CHAIR:** You are the one minister I was worried about who would be offended by this whole process, but everybody else seems fine with it. Perhaps *Hansard* will do us the courtesy of whacking them in.

Leave granted.

1. Will the minister provide a detailed breakdown of the baseline data that was provided to the Shared Services Reform Office by each department or agency reporting to the minister—including the current total cost of the provision of payroll, finance, human resources, procurement, records management and information technology services in each department or agency reporting to the minister, as well as the full-time equivalent staffing numbers involved?

2. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2009-10 for all departments and agencies reporting to the minister—listing the name of the consultant, contractor or service supplier, cost, work undertaken and method of appointment?

3. For each department or agency reporting to the minister how many surplus employees will there be at 30 June 2010, and for each surplus employee what is the title or classification of the employee and the Total Employment Cost (TEC) of the employee?

4. In financial year 2009-10 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2010-11? How much was approved by cabinet?

5. Between 30 June 2009 and 30 June 2010, will the minister list job title and total employment cost of each position (with a total estimated cost of \$100,000 or more)—

(a) which has been abolished; and

(b) which has been created?

6. For the year 2009-10, will the minister provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister—listing the name of the grant recipient, the amount of the grant and the purpose of the grant, and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

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

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

**Mr GOLDSWORTHY:** One last question. I refer to page 7.17 in the same volume, Road Safety Reaching the Target, and the table headed Investments. It is noted on that budget line that there have been significant differences from the 2008-09 actual of \$855,000, peaking at \$2.199 million in the 2009-10 budget, with the 2009-10 estimated result being \$380,000, and now for the 2010-11 budget the amount is \$947,000. Can you explain the reasons for these variations in the Reaching the Target budget, please?

**The Hon. J.J. SNELLING:** I am advised that the reason for the difference is that the purchase of safety cameras was delayed so that they might better match the installation schedule.

**The CHAIR:** The time having expired for questions, I declare the examination of the proposed payments concluded. We now move on to Veterans' Affairs.

#### **ATTORNEY-GENERAL'S DEPARTMENT, \$146,381,000**

#### **ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$51,292,000**

##### **Membership:**

Dr McFetridge substituted for Mr Goldsworthy.

Mr Hamilton-Smith substituted for Mr Gardner.

##### **Witness:**

Hon. J.J. Snelling, Minister for Employment, Training and Further Education, Minister for Science and Information Economy, Minister for Road Safety, Minister for Veterans' Affairs

##### **Departmental Advisers:**

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

Mr B. Denny, Director, Veterans SA.

Ms D. Contala, Executive Director, Finance and Business Services, Attorney-General's Department.

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

Mr P. Louca, Chief of Staff, Attorney-General's Department.

**The CHAIR:** I declare the proposed payments open for examination and refer members to the Portfolio Statements, Volume 2, Part 5. Minister, do you wish to make a brief opening statement?

**The Hon. J.J. SNELLING:** I was sworn in as Minister for Veterans' Affairs on 24 March and have enjoyed getting to know the veterans' community over the last six months. I have somewhat of an affinity with the veterans' community because my father is a Vietnam veteran. In

December 2008, the government created the Veterans' Advisory Council, comprising 13 members, with former governor Sir Eric Neal AC CVO as independent chairman. The VAC comprehensively represents all members of the veterans' community in our state.

On 15 April, I attended the first VAC meeting held following my swearing in, and I heard loud and clear the concerns of the veterans' community about the Matthews review into military superannuation. I wrote to the Premier asking him to send representations on behalf of the veterans' community to the Prime Minister, which he did. The strong advocacy from the Premier shows the tremendous respect and loyalty that he has for the veterans' community. I am not aware that any other state has even considered such comprehensive action.

**Dr McFETRIDGE:** This is my first time as shadow minister for veterans' affairs, and I am very pleased to be here. There have been quips about a vet being the shadow minister for veterans' affairs—and I mean a veterinarian, not a veteran. The closest I came to becoming a veteran was missing out on the draft, by one day on either side of my birthday, in 1972. It is good to be here.

Veterans' affairs is one of those portfolios where there is a bipartisan approach. We occasionally have different priorities and different issues, but it is a great portfolio to be involved in, and I look forward to doing what we can. My other portfolios of health, mental health and substance abuse do—unfortunately, and often too frequently—have synergies or crossovers with veterans' affairs. Having visited a very dear friend of mine at the Repat this morning, I know that there are some issues in health and mental health that I hope Mr Snelling, as Minister for Veterans' Affairs, will direct his energies towards. Having said that, I will get on with the questions.

My first question refers to Budget Paper 4, Volume 2, page 5.60, Building Communities—Veterans' Affairs, and the second dot point that relates to coordinating the state government's services to veterans across departments, including health. Minister, were you able to lobby—before the Sustainable Budget Commission report came out—for the Repatriation General Hospital? It did cause a lot of angst amongst the veterans when that announcement was made, and it was disappointing that the government took three days to shut down the whole issue. Having visited the Repat this morning, I know that the morale there is very low, and people are asking, 'What is the point, if they are going to just shut us down eventually?'

**The Hon. J.J. SNELLING:** The Sustainable Budget Commission had its process to identify savings; it had a wide-ranging brief to throw up a large menu of savings. It was never a serious consideration on the part of the government to do that. The process of the Sustainable Budget Commission was kept separate from the political process. The rationale was for the SBC to throw up a menu of savings options. As Minister for Veterans' Affairs I certainly would have fought very hard if it ever came onto the radar, but the fact is it did not. It was an option that was thrown up by the SBC quite independent of the political process. It never got to the stage where I had to intervene, or the VAC had to intervene, on behalf of veterans.

**Dr McFETRIDGE:** I understood in looking at the leaked SBC document that there were chief executive priorities on there, and this was given as the chief executive priority 7, so it was actually signed off by the health department. You just said then that you would be fighting very hard for the Repat, so I just ask that you keep a watching brief there because I think there are agendas out there.

**The Hon. J.J. SNELLING:** You need to raise those issues with the Minister for Health. He will give you a more fulsome explanation than I can, but the fact is that it never came to a point where I had cause to intervene as the Minister for Veterans' Affairs.

**Dr McFETRIDGE:** On the same reference under the dot point 'providing local advice on programs, projects and funding for veterans and their families', including health: the car parking issues at the Repat are a real concern for veterans. In fact, yesterday my office received an inquiry from an 88-year-old veteran who has a number of appointments at the Repat. It says on the form here (schedule for your admission), 'Please allow up to four hours for this appointment,' and this chap needs three appointments. Instead of having free car parking, he is going to be having to pay a number of dollars.

Can you say what the government can do to compensate veterans? The Minister for Health and I think the Premier have talked about how those people can claim it back on their Gold Card but, as I understand it, Gold Card holders get taxis and can claim it back, whereas these are White Card holders who are involved here, and they are very concerned. I have also had an email from a country veteran who has to have repeat visits to the Repat, and another of his concerns is the removal of the petroleum subsidy which is going to increase his costs. Can you perhaps give the

committee some advice on what your thoughts have been on these issues and what we can do to help the vets?

**The Hon. J.J. SNELLING:** There will be some notable exemptions to the new car parking arrangements. Volunteers who are endorsed by the Hospital General Manager will be exempt from the fees. In addition, the Hospital General Manager will have the authority to waive or reduce fees for patients and/or their family where the patients are required to visit frequently (that is more than once a week for four weeks) or the patient has an expected length of stay which is greater than 30 days. By way of example of the sort of patient, particularly at the Repat, where the family might be visiting frequently, I refer to the hospice at the Repat. So you would expect with the hospice that the Hospital General Manager will either reduce or waive the parking fees for family members of patients who are making frequent visits to the hospital.

Veterans who are Gold Card holders and are receiving treatment will be able to claim car parking expenses from the Department of Veterans' Affairs. White Card holders will be able to claim car parking expenses from the Department of Veterans' Affairs where they are receiving treatment for their specific condition. But I should say in the implementation of this that it is something which has the interest of the Veterans' Affairs Council, and we will be working with the Department of Health to make sure that the issues in question are ironed out.

**Dr McFETRIDGE:** Just looking at the car parks at the Repat this morning and the numbers of them and the layout, it is going to cost you more to put in the machines than it will to collect the money you will get in return, I think. Moving on to Budget Paper 4, Volume 2, page 5.61, I have had in an inquiry from—and the member for Finniss has just left for the moment—the Goolwa sub-branch of the RSL about some capital works funding. Could you let us know what capital works grants might be available to the Goolwa sub-branch for its redevelopment and upgrading of its kitchens and things like that?

**The Hon. J.J. SNELLING:** The annual allocation of grants for which I have responsibility does not cover expenses of a capital nature. We do provide grants of a smaller value. I understand they have made an approach, and Mr Denny is working with them to see how we might assist them but making clear that the fund is not set up for grants, that it is not large enough to pay for grants of a capital nature. I should say that the Goolwa branch might consider an application to one of the other grants the government administers, for example, Community Benefits SA, that might be a source of a potential grant for them. However, Veterans SA will work with them to try to identify how the state government can assist them.

**Mr HAMILTON-SMITH:** I refer to the budget paper mentioned by my colleague the member for Morphett. Under Objectives and Targets, I refer to the issue of pension support to veterans and ex-service personnel. I know this is a federal responsibility but I want to raise the question of what role the state government has played in lobbying the federal government on behalf of veterans. I declare, as I ask these questions, that I am eligible for one of these pensions, and I am sure Mr Denny is as well.

As it stands, entitlements are indexed to CPI for members aged 55 and older, whereas the age pension is indexed according to the greater of CPI male total average weekly earnings or pension beneficiary living cost indexes. The federal Labor Party's 2007 election policy, as I recall, was that it would fix it. The coalition announced on 27 June that it would index these pensions, but I note that federal Labor took a different view.

I note that, after the coalition made its announcement, the Premier wrote a letter on 1 July—and I am aware of that to save you from repeating it. I might argue, if I may, in the way of background, that it was probably a sort of back-covering exercise to a degree, if I may put that view, to indicate that the veterans needed help, and I agree with him on that. What help does the state government believe the federal government should deliver? Has the state government written, or made a formal submission, to the federal government asking that the situation in regard to these pensions be changed? Is the state government prepared to take a different point of view on behalf of veterans from that expressed by the current federal government? What can we do to help the veterans?

**The Hon. J.J. SNELLING:** Far from it just being a back-covering exercise, the Premier has really gone out on a limb. I think we are the only state government in the country to have made representations to the federal government on this issue. The safest thing for the state government and the Premier to do would simply have been to say, 'This is a federal issue and has nothing to do with us,' and not intervene. However, the Premier took quite a courageous position, on behalf of veterans, in presenting the opinion of the Veterans' Advisory Council about the inadequacy of the

pension arrangements for veterans. Far from its being an exercise in covering himself, the Premier went out on a significant limb to make those opinions known.

We will continue to work with the federal government, as much as we can, to make the opinion of veterans known to the federal government, and the Veterans' Advisory Council has been absolutely instrumental in that. It is an issue which they recognise as essentially a federal matter, but I think that the Veterans' Advisory Council recognised the efforts that the government has made on its behalf.

**Mr HAMILTON-SMITH:** Apart from the 1 July letter, does the government intend to go a further step to refer this matter to the commonwealth. For example, would the state seek to put it on a federal-state agenda—whether it be COAG or some other appropriate agenda—for debate and discussion? Would the state government seek to now make a formal submission on behalf of veterans that goes beyond just the letter? While recognising that the government is genuinely concerned about it—and I take the minister's response as given—can we take it to a next step?

**The Hon. J.J. SNELLING:** We will continue to work closely with the Veterans' Advisory Council. I take very seriously my role as Minister for Veterans' Affairs. I see myself as an advocate for veterans' interests, making sure that issues raised by the VAC are raised at the highest level. The government has written to the federal government as to the other options available. I do not know whether it would be appropriate or acceptable for it to be raised in a forum such as COAG, but it is an issue on which we will continue to work very closely with the Veterans' Advisory Council to make sure that the interests of veterans are made clear to the federal government. Do you have anything to add to that, Mr Denny?

**Mr DENNY:** I think the emphasis on pensions is also more state based—not to exclude the federal application—in the sense that there is a group of people in South Australia, two in particular, who have been excluded from veterans entitlements and pensions, as such. For example, the nurses who worked in the civilian and surgical and medical teams under SEATO have been excluded from any pension or any entitlement. There are members who are South Australian citizens. There is also one chap from Murray Bridge, who worked as a civilian with the military in Vietnam—John Ali—and was drawn into the military web.

The state emphasis has been on drawing up comprehensive submissions on their behalf to overturn significant parts of the federal legislation and, at the moment, two of those are in the process of being considered by the federal government. That is what we are about—South Australian citizens who are outside the net at the moment.

**Mr HAMILTON-SMITH:** Can I move to a separate issue? I saw some months ago plans of some work that had been put to service associations by the government to redevelop the War Memorial site on North Terrace, which included the possible removal of the eastern wall, I think, of the Governor's residence, with a memorial pathway or walkway through to the Torrens Training Depot. It was quite extensive work. Has that progressed? Is that still on the drawing board? What would be the total cost of such a development, and what time lines might apply to it?

**Mr DENNY:** This is purely an ethereal project at the moment. It has no status as such. It came about as part of the Adelaide City Council's investigations some years ago involving the North Terrace precinct redevelopment. The last phase of that put up by the Adelaide City Council some time ago was to develop Kintore Avenue into a memorial precinct.

The plan that was put up at the time involved the movement of the non-heritage wall of Government House to the west and reclaiming some of that land so that a walkway and a memorial precinct could be created. It was, in fact, mentioned in parliament, so it is on the public record. That was then stymied. It had no status with the state government or with the council and, whilst a figure was bandied around, no funding allocation had been made. It was nothing more than a good idea by, presumably, quite an innovative architect.

As part of the anniversary of Gallipoli in 2015, the states have been asked to present projects that they think would be suitable to acknowledge that particular centenary. Indeed, the state is being represented in Canberra this Friday, with the Chair of the National Commission—Mr Fraser and Mr Hawke are the joint chairs—presenting projects.

The veterans' community in South Australia started looking at this project 18 months ago, before any other state, and produced 19 projects that the whole veterans' community signed off on. That was brought down to 10, and this one you are talking about is No. 3. It still has no status whatsoever; it is just a good idea by veterans, and it has been put up to the federal government as No. 3 on a list of things that might be thought about down the track. Government House is aware of

it, but it has no formal status whatsoever. It is nothing more than veteran musings at this stage about what would be a good idea if you are dinkum about doing something to recognise Gallipoli, and I think the name put to it was the Anzac Centenary Memorial Precinct.

**Dr McFETRIDGE:** I refer to that same reference, Budget Paper 4, Volume 2, page 5.61, referring again to health, and back to the Repat. This morning, during my visit to the Repat, to visit this old friend of mine—I think he is the only wharfie who has ever joined the Liberal Party, and I won't name him—as I was talking to him the lolly trolley went past, and I said to the people, the volunteers, pushing the lolly trolley, 'What's with the selling of the lollies? I thought it was banned?' I will not repeat what the man said, but there was some fairly strong language about the Minister for Health.

So, minister, can you liaise with the Minister for Health and let him know about the veterans and the volunteers down there—they are not going to die from eating too many Maltesers and chocolates. The other thing that was raised with me was the veterans being able to smoke. Now, nobody wants to encourage smoking, but it is a fact of life that many veterans do smoke and it is almost a form of therapy for them, in the smokers' hut down there. So can you liaise with the Minister for Health and make sure that the veterans are not being done over for the sake of a nanny state approach to this?

**The Hon. J.J. SNELLING:** These are issues for the Minister for Health and I will ask the Minister for Health to respond to them.

**Dr McFETRIDGE:** Can you lobby on behalf of veterans, because it really is over the top? If he does not know what is going on down there, then I think you need to go down there and speak to him, Jack, because it is an issue.

**The Hon. J.J. SNELLING:** I will bring it to the attention of the Minister for Health and ask him to respond.

**Dr McFETRIDGE:** John Hill is being very pedantic about this. I do not know who is advising him, but it is just pathetic, it really is. These people have fought and died and have been wounded and injured, mentally and physically, for their country—

**An honourable member:** Presumably the ones who are smoking have not died.

**Mr GOLDSWORTHY:** Not yet.

**The CHAIR:** Order! Member for Morphett, perhaps we can continue with the questioning that relates to budget lines. Member for Waite, do you have another question?

**Mr HAMILTON-SMITH:** Can I just ask, since we have the time: you mentioned that the proposed redevelopment of the Kintore Avenue precinct was No. 3 on the list put forward to Canberra for approval. They were all South Australian projects, I gather. What were one and two? Have they been costed and put forward as a formal proposal for federal funding?

**Mr DENNY:** Sorry, I have to correct the record. It is No. 1.

**Mr HAMILTON-SMITH:** It is number one, okay. Well, Nos 2 and 3, have they been costed? I gather what you are telling the committee is that you have put these forward for federal funding as part of the 2015 centenary. Is that—

**The Hon. J.J. SNELLING:** They have been put forward for consideration by the commission for the commemoration of the centenary of Anzac. They have just been put forward as ideas. They have not been costed. We were specifically asked not to cost them.

**Mr HAMILTON-SMITH:** You have been asked to cost it?

**The Hon. J.J. SNELLING:** No, we were told not to cost it. These are ideas that are being put to them, essentially by the veterans' committee. They are not endorsed by government.

**Mr HAMILTON-SMITH:** Has there been an indication from the commonwealth that they might be prepared to contribute towards the funding of any of these projects?

**Mr DENNY:** Not of these specific projects. I think the general feeling has been looking back at the 50<sup>th</sup> anniversary of the end of World War II, which was 1995, and what happened on that occasion, and there was funding in those days. Now we have come on 15 years—it will be 20 years by the time we get to this day—but I think that is the precedent that has been set, and people think that might be the case, but at this stage we have not been formally advised. All I have asked for is ideas, minister.

**The Hon. J.J. SNELLING:** Essentially all the commission has asked for at this stage is ideas, and what has been presented to them is ideas.

**Mr HAMILTON-SMITH:** It is a personal view, but it is a very good proposal. I suggest that, if there was an opportunity to advance in a bipartisan way for funding federally, it might enhance its chances of success and the opposition would be keen to hear more about it if the government takes it to the next step.

**The Hon. J.J. SNELLING:** It is early days yet. We will see what the commission has to say, how it responds, and take it from there. It is something that would require a fair amount of work and a great deal of consultation. It is not just something we would rush off and do. It is an idea that is in its very early stages. I thank the member for Waite for his offer of bipartisan support.

**Mr HAMILTON-SMITH:** We would be happy to look at it in a bipartisan way if you are able to give us a proposal that was costed.

**The CHAIR:** The time for questions having expired, I declare the examination of the proposed payments concluded.

*[Sitting suspended from 14:47 to 15:01]*

**DEPARTMENT OF FURTHER EDUCATION, EMPLOYMENT, SCIENCE AND TECHNOLOGY,  
\$442,078,000**

**Witness:**

Hon. J.J. Snelling, Minister for Employment, Training and Further Education, Minister for Science and Information Economy, Minister for Road Safety, Minister for Veterans' Affairs.

**Departmental Advisers:**

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

Dr C. Fowler, Deputy Chief Executive, Planning, Policy and Innovation, Department of Further Education, Employment, Science and Technology.

Dr J. Michaelis, Chief Executive Officer, Bio Innovation SA.

Ms A. Nelson, Deputy Chief Executive, Bio Innovation SA.

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

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

**The CHAIR:** I declare the proposed payments open for examination and refer members to the Portfolio Statement, Volume 4, Part 14. Does the minister wish to make an opening statement?

**The Hon. J.J. SNELLING:** I welcome the opportunity to make a brief introductory statement as the Minister for Science and Information Economy. The activities within this portfolio span a wide range of economic interests, such as defence, mining and information technology. The South Australian government recognises and supports the importance of supporting science and research in creating a growing and sustainable economy.

Some highlights: firstly, the Broadband Development Fund. Through the fund, the state government has driven improved broadband service to parts of regional South Australia. We are addressing metropolitan Adelaide's broadband blackspots issue with the AdamMax WiMAX project, which has already removed more than 70 per cent of Adelaide's blackspot footprint. We are working with industry and communities in first release areas of the national broadband network, such as Willunga and Prospect, to ensure they will be ready to take up broadband technology as the rollout begins.

Secondly, the government has made several commitments to improve STEM (science, technology, engineering and mathematics) skills. For example, we have announced new



scholarships for up to 75 honours level students per year, for four years, who will receive \$5,000 in educational support to undertake full-time defence industry related projects—a total of \$1.5 million over four years.

Thirdly, the ARC Centres of Excellence. In 2009, the University of Adelaide was awarded \$18.75 million over seven years to establish an ARC Centre of Excellence in plant cell wall biology at the Waite campus. The state government will contribute \$500,000 over three years, commencing in 2011. This has potential benefits to cereals production and also the embryonic biofuels industry. I presume that does not mean biofuels coming from embryos, but the start-up biofuels industry.

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

**The Hon. J.J. SNELLING:** No doubt the Greens and perhaps the member for Morphett might have an interest in that. As minister, I have also looked to re-focus this portfolio priority. The state government has determined to wind down the state-owned seed capital investment organisation, Playford Capital. While Playford Capital has been successful over the last 12 years in assisting start-up companies, I have taken the view that it is now time for the state government to exit the market to provide equity and to promote greater private sector investment.

Since Playford Capital's establishment in 1997, South Australia has experienced a change in private support for venture capital with the emergence of the bioscience-focused venture capital fund, SA Life Sciences Advancement Fund, and the Trans Tasman Commercialisation Fund, both of which are privately managed with some limited state government funding support. Playford is a rare exception in the national venture capital area, being state-owned and holding equity in early stage companies.

Being wholly owned by the state government makes Playford Capital less able to secure long-term private investment capital, which is generally designed to support the development of privately based venture capital fund managers in Australia. The state government believes that, in the long run, venture capital activities are best undertaken by private entities operating in the commercial sector with more modest levels of government support without holding direct equity interests in companies.

Playford's investee companies have considerable potential as they work towards commercialising technologies for wine and food processing, energy conservation and medical devices and diagnostics. The state government, Playford staff and the board of directors will work to ensure that there is minimal disruption to investee companies during this period of transition. We will continue to work with existing investee companies over the next few years to further develop their businesses and seek new private sector investors.

Finally, the Department of Further Education, Employment, Science and Technology achieved a balanced budget in 2009-10, and this outcome is also reflected in the management of this portfolio. I welcome any questions from members regarding the government's activity in the portfolio area.

**The CHAIR:** Member for Waite, do you have a statement to make?

**Mr HAMILTON-SMITH:** Thank you, Mr Chair. In light of the fairly stunning revelation that you are winding up—I think you used the term 'wind down' but I assume you mean wind up and close up—Playford—I will go to some questions on Playford. I might start—

**The Hon. M.J. ATKINSON:** Fairly stunning; it is fairly stunning.

**Mr HAMILTON-SMITH:** Well, it is really, because Playford has been a feature, if you like, of nurturing start-up companies for many years in this state and has managed to secure quite a lot of federal funding. I refer to Budget Paper 4, Volume 1, page 14.27. How many people work in Playford Capital, how many of them are paid \$100,000 or more, and what will happen to those jobs with your decision to wind up Playford?

**The Hon. J.J. SNELLING:** I am advised that it is about 5.2 FTEs and about three of them—I will have to confirm that, I do not have the exact figures with me—are on salaries of \$100,000 plus. Not all of them work full time, so it is 5.2 FTEs; there is a higher number of staff but not all of them work full time.

**Mr HAMILTON-SMITH:** What will happen to those people as a result of the government's decision to wind up Playford?

**The Hon. J.J. SNELLING:** Playford Capital will be wound down over the next two years. Playford has existing obligations with the commonwealth as part of the IIFF funding which Playford

received in August 2009. We are working on transition arrangements with Playford Capital. A number of the staff will have to continue on to manage the wind-down, so we are in negotiations with those staff at the moment, and we are in the process of working out redundancy packages for the other staff. The staff are not employees under the PSM Act, on the whole, so redundancy provisions are being worked out. We are talking about something that will take a couple of years to happen. This is the start of a process.

**Mr HAMILTON-SMITH:** Just to define what you mean by 'wind-down', I gather that it is the government's goal to see Playford Capital cease within two years; you will wind it up.

**The Hon. J.J. SNELLING:** Not necessarily; we have to work that out. There are two policy objectives that we are trying to achieve. The first is the policy objective of the government owning equity in start-up companies, providing finance to start-up companies, and government withdrawing from being involved in that area. We want to achieve that policy objective. The second policy objective is that it costs just under \$1.7 million a year every year in recurrent expenditure to administer it; that is for the overheads to administer it. I am not in any way critical of that, or saying that it is necessarily an excessive amount, because it is just the nature of this sort of business. It is extremely expensive, and I think that \$1.7 million could be better invested in other areas of government.

**Mr HAMILTON-SMITH:** So what immediate actions will occur in respect of Playford, and what actions will occur in year 1 and year 2? Where will we be at the end of the process of winding down?

**The Hon. J.J. SNELLING:** At the moment we are formulating our wind-down plan. We have obligations to the commonwealth. Those obligations have to be worked out, and we have been in negotiations with the commonwealth to achieve this. A wind down is being worked up (dare I say it) to present to the commonwealth. My preferred time line is that we exit from Playford Capital by 2012 but we are being very careful to make sure that the interests of investee companies are looked after, so 2012 is not necessarily a hard date. However, the wind-down plan is being worked out and will be presented to the commonwealth. This is in the very early stages. I guess what I am announcing today is a statement of intention, and not much more than that.

**Mr HAMILTON-SMITH:** Will the government be looking to the private sector to take over the roles or functions being performed by Playford? If so, will there be some handover of responsibilities, if you like, from Playford to the private sector as part of the wind-down process?

**The Hon. J.J. SNELLING:** It is still very early days, and there are a number of different options available to us in terms of how the government can withdraw from this area. There are a number of areas open to us in how we achieve that wind-down. The fact is that since Playford was established 12 years ago there have been entrants into the venture capital market in South Australia—at least two new entrants into the venture capital market—so to some extent the private sector has already moved into this area. The rationale for establishing Playford in the first place was that there were no South Australian-based venture capital providers, and that is no longer the case. The answer to your question is that it is already happening, and I expect that, as a result of this decision, there will be more entrants into the private venture capital market in South Australia.

**Mr HAMILTON-SMITH:** Is this, in effect, an outsourcing of the venture capital role? Playford Capital's role was never really venture capital; it was really always seed funding. It was not what I think the industry would characterise as venture capital funding. But is it in effect an outsourcing of those roles to the private sector?

**The Hon. J.J. SNELLING:** I guess I am not terribly interested in how you label it. The government thinks it is not an area where there is a good policy rationale for us to be involved. The private sector has moved in. It holds equity in start-up companies, so I am not sure how you distinguish between whether it is seed funding or venture capital, but the fact is that Playford Capital is engaged in holding equity in start-up companies. I think that there are better ways in which government can assist start-up companies without the distortions of having a government-owned venture capital provider, not to mention the cost.

**Mr HAMILTON-SMITH:** One of the reasons I challenge the government's logic on this is that, characteristically, private venture capital funds are looking for bigger investments to make than those traditionally made by Playford. Playford's loans by and large have been quite small. They have been at the early stage of start-up, and they have been at that point in a company's development where they need something to get them started, the aim being to grow that company to a larger stage where it might be able to prove itself as a target for venture capital funding.

Anything under about \$10 million—and you could argue about the figure—anything under a multiple of millions is generally not something most venture capital funds look to make investments in. I just have a bit of a concern that you might leave a hole in the market there, where the venture capital funds (and you have mentioned two new entrants into the market) are not interested because it is not big enough, but Playford is not there to handle the small enough calls for seed funding. I do not know what your comment back on that would be. I am not sure the venture capital funds you have mentioned are going to fit the sort of grant profile that Playford fills.

**The Hon. J.J. SNELLING:** In answer to your question, I recognise what you are saying, but I think there are better ways that the government can help fill that gap. One of the important ways we do it is through Bio Innovation SA. I think that is a better model for government providing assistance to start-up companies and helping them to make that transition from those early days to when they are up and running and when they are able to attract those big capital investors. There may have been a rationale for it when Playford was established, but I do not think that rationale exists any longer and, as I have indicated, it is a large recurrent expenditure which we are making, and I think we can use those funds in better ways to assist start-up companies.

**Mr HAMILTON-SMITH:** Could you name the two new entrants into the market you mentioned a moment ago, but could you also list the entities that you think might be in a position to fill the void created by the wind down?

**The Hon. J.J. SNELLING:** I am not going to engage in speculation and try to name companies. You are talking about something which is two years away, and all I am saying is that I am confident that there will be new entrants to the market who will be able to fill the gap. In terms of the two new entrants that I mentioned in my introductory statement, Trans Tasman Commercialisation Fund and SA Life Sciences Advancement Fund are the two entrants to the market doing early-stage investment in early-stage companies that have established in South Australia since Playford Capital was established.

**Mr HAMILTON-SMITH:** Same budget line: how much of the money invested by Playford Capital was sourced from the commonwealth?

**The Hon. J.J. SNELLING:** Could you repeat that, please?

**Mr HAMILTON-SMITH:** How much of the money invested by Playford Capital—say, in financial year 2009-10—was sourced from the commonwealth, and how much was sourced from the state government? How much was from the private sector in the form of co-funding?

**The Hon. J.J. SNELLING:** In relation to the source of the current investments that Playford has, of its total investments of \$52,028,413, approximately \$6.8 million is a commitment from Playford Capital; just over \$2.7 million is from the commonwealth, under the IIFF; and \$28.7 million is private co-investment. If you add up those figures, apparently it does not reach \$52 million; someone needs to correct their calculations. Anyway, the total of \$6.8 million, \$2.7 million and \$28.7 million is the total figure of investment, and that is the breakdown between money committed from Playford, money from the IIFF and money from private co-investments.

In November last year, Playford secured \$7.45 million as a one-off figure from the commonwealth Innovation Investment Follow-on Fund (IIFF), which I have mentioned, for investment in a select group of Playford investee companies; and of that \$7.45 million, \$2.7 million has been invested, and the rest Playford has not drawn down on.

**Mr HAMILTON-SMITH:** Let me just seize on that point. Playford has been able to put together \$7.45 million from the commonwealth's IIFF fund because it is a vehicle of government. If we wind down Playford and take Playford away, who will go to bat for South Australia in terms of winning funding from the commonwealth for innovation—because it is there, from funds such as the federal government's capital Innovation Investment Follow-on Fund?

**The Hon. J.J. SNELLING:** On the contrary, far from Playford being successful in getting this money because it is a subsidiary of government, quite the opposite happened: Playford got it despite the fact and a special exemption had to be created to enable Playford to bid for the money because, normally, the money is not available to government-owned entities.

**Mr HAMILTON-SMITH:** From that particular fund?

**The Hon. J.J. SNELLING:** From that particular fund. This is an example of what I am talking about in relation to the fact that government ownership restricts Playford. It means that there are funds it could be bidding for that it cannot because of its ownership by government. There are

all sorts of requirements on Playford by virtue of its being owned by government that would not apply to a normal venture capital firm.

If I can return to completing the answer, the federal government had to make an exemption to Playford to enable it to bid for the IIFF funding; normally Playford would have been ineligible for that funding by virtue of its being owned by government. I will go back to my original point in terms of attracting these funds. There are existing privately-owned venture capital companies that I think will be able to be more successful in bidding for these sorts of opportunities from the commonwealth than there were in the past. It may well have been that, if Playford had not been successful, one of the privately-owned venture capital firms would be successful in attracting this money.

**Mr HAMILTON-SMITH:** I take from your answer that you are assuring the committee that commonwealth funds will be there for the private sector to apply for. They will not need Playford Capital, necessarily.

**The Hon. J.J. SNELLING:** The IIFF is rather unique. It is a one-off and I do not know whether the commonwealth government has any intention of making any more funds available for it. I would be surprised. The point is that the venture capital market is a peculiar market and one that I am finding is incredibly complicated and delicate, and I just do not think that government-owned entities are particularly suited to being players in it.

**Mr HAMILTON-SMITH:** Are we aware of any private venture capital funds in South Australia that have successfully applied for grant moneys from this particular fund or any other major commonwealth fund?

**The Hon. J.J. SNELLING:** Do you mean commonwealth funds?

**Mr HAMILTON-SMITH:** Yes. Are we aware of any other private venture capital funds of the type that might replace Playford that have successfully applied for funds?

**The Hon. J.J. SNELLING:** No, and that is my point.

**Mr HAMILTON-SMITH:** My point would be that, if you have an entity like Playford that has connections to government and is familiar with the processes and can regularly make applications on each recurrent year for funding and then use that funding to distribute, is that not an advantage, rather than leaving it to individual companies or funds to try to navigate their way through those processes?

**The Hon. J.J. SNELLING:** The answer is no. As I indicated earlier, on the contrary, it is a disadvantage. Playford Capital being owned by government is a disadvantage to its operations. A perfect example is its application for IIFF funding, where special exemptions had to be made, I think, presumably at a ministerial level. So, it is a very high level—ministerial level. Exemptions had to be made to enable it to bid for money from that fund. If it were a privately owned entity—if there was no government equity—that would not need to have happened.

**Mr HAMILTON-SMITH:** Yes, I take your point.

**The Hon. J.J. SNELLING:** When you are talking about venture capital firms, you are not talking about the local tennis club or the local bowling club that might need some help in filling out a few forms. These people are highly professional, highly experienced people. This is an area in which people all know each other very well. They do not need assistance from government, and they certainly do not need to be owned by government in order to negotiate applications for government grants.

**Mr HAMILTON-SMITH:** I am just trying to ask whether we know, if they are that clever, whether they have been successful in attracting the funding from the commonwealth, and we are not quite sure whether we are able to name any. I am just making the point.

**The Hon. J.J. SNELLING:** I am not in a position to say whether or not they applied; I do not know. It is a normal commercial process.

**Mr HAMILTON-SMITH:** I do not recall having seen this recommendation in the Sustainable Budget Commission's report, but I may be wrong. Was it a recommendation of the SBC to wind Playford up?

**The Hon. J.J. SNELLING:** No, it was an initiative of mine as the minister.

**Mr HAMILTON-SMITH:** Now that you have informed the committee that it was your decision, that leads me to the question as to whether or not the government—

**The Hon. J.J. SNELLING:** Sorry; it is a decision of mine. It has not formally been to cabinet. Cabinet has been informed of my intentions to go this way.

**Mr HAMILTON-SMITH:** That leads me to my next question. Did you commission consultants or an agency of some kind, or some entity, to do an independent report on Playford, and was the winding up of Playford recommended? What was recommended? What were the options?

**The Hon. J.J. SNELLING:** Yes, the previous minister engaged Dr Leanna Reed, who is a member of the Economic Development Board and is highly involved in this sector. She owns a biotech company—

**Mr HAMILTON-SMITH:** Yes, I know.

**The Hon. J.J. SNELLING:** You know Leanna? She conducted a review. Shortly after I became minister, she presented her report to me. There are four options, and this was one of them.

**Mr HAMILTON-SMITH:** Are you able to tell us what the other three options were?

**The Hon. J.J. SNELLING:** I will take advice on whether or not that is something I can release. This is a commercially sensitive area, and so, out of an abundance of caution, I will not go into it.

**Mr HAMILTON-SMITH:** Well, would one of the options have been to sell Playford, if you like, as a going concern in some form? I am not sure that would have been possible, but would that have been one of the options that government considered? Rather than wind it down and then hope that the private sector would pick up the slack, would one of the options have been to keep, essentially, the intellectual property of Playford intact but allow the private sector to buy out the government's interest in some form? There would be quite a lot of goodwill there, in the way of connections, contacts and arrangements, and a lot of experience.

**The Hon. J.J. SNELLING:** Out of an abundance of caution, I will not go into what was in the recommendations, other than to say that there were four options for me to choose from. The option that I chose was the option that I believed would cause the least disruption, bearing in mind that Playford Capital has ongoing obligations to the commonwealth under its IFF funding and keeping in mind the welfare of the investee companies and causing the least disruption to investee companies.

**Mr HAMILTON-SMITH:** What savings does the government hope to realise over the four years of the FIDET from this measure, and why was this not identified in the budget, particularly in Budget Paper 6, as a savings initiative from this department?

**The Hon. J.J. SNELLING:** What savings will be achieved has to be worked out and will be part of the wind-down process, but I can tell you there is a recurrent cost of \$1.7 million every year, so we will be looking at making savings on that figure. How quickly we achieve savings and what the savings are will be subject to the wind-down

**Mr HAMILTON-SMITH:** I was just curious as to why it did not—

**The Hon. J.J. SNELLING:** Why it was not revealed in the budget papers? Because of the commercial sensitivity surrounding it.

**Mr HAMILTON-SMITH:** Was it a decision made as part of the budget process, or has this been a footnote to the budget; that is, was it made after the budget had gone through cabinet? It could have been included in the budget papers in some other form to protect confidentiality.

**The Hon. J.J. SNELLING:** My decision to go down this path of winding them down was not a decision that was made in the context of the budget. It was a decision that I made arising from the Reed review and our policy decision and my desire to make clear what the government's intentions were in regard to Playford Capital or to set a clear direction for Playford Capital. The numbers, the savings, have been factored into the budget papers, though.

**Mr HAMILTON-SMITH:** They have been factored in, so the savings were included in the budget papers, but this particular measure was not identified in the budget?

**The Hon. J.J. SNELLING:** That is right. I think that is a fair summation.

**Mr HAMILTON-SMITH:** Well, how was this included in the budget papers, if it was not openly disclosed as a saving measure?

**The Hon. J.J. SNELLING:** The savings are nominal because they are subject to the wind-down plan and they might not be achieved. Whether or not the savings are achieved, and the degree of savings, depends on the results once we finalise the wind-down plan.

**Mr HAMILTON-SMITH:** So your budget figures are intact in the sense that they take account of this saving? This saving is recognised in the budget papers?

**The Hon. J.J. SNELLING:** Yes, that is right, but they are nominal figures and could change very easily. They are subject to the wind-down process.

**Mr HAMILTON-SMITH:** I am intrigued that when you look at Budget Paper 6 for this portfolio, pages 152 and 153, the Bio Innovation cuts are mentioned. There would have been an opportunity to include this saving measure in there, even if it did not say Playford Capital—it could have been described as operational efficiencies, restructuring or whatever. It concerns me that we can have a saving of such a significant sum, \$1.7 million a year or even a nominal rate—it is millions of dollars—without the proper process, that is, without it having been listed in some form.

**The Hon. J.J. SNELLING:** It is a saving in the out years to begin with, so it will not be achieved this financial year. It is a saving going into the out years. While in the context of my department \$1.7 million is not a trifle, in terms of the budget outcomes it is relatively small money. In a budget of billions of dollars, \$1.7 million is not a huge amount and does not have a huge impact on the budget result.

**Mr HAMILTON-SMITH:** I take your point, but the savings for Bio Innovation SA are also in the out years, and they are listed.

**The Hon. J.J. SNELLING:** The difference is that there are particular commercial sensitivities around Playford Capital. As part of this process I needed to speak to the board of Playford Capital and to the investee companies. It was not appropriate for this decision to be made in the context of the budget papers before I had had an opportunity to do those two things. I am informed that the figures are included in the headroom of the budget.

**Mr HAMILTON-SMITH:** Whenever one hears in estimates that a significant sum has been saved that is not actually mentioned, it casts some doubt over the rest of the budget because you wonder why other cuts are not headlined in Budget Paper 6 and are buried in the headroom figures or somewhere else.

**The Hon. J.J. SNELLING:** For a number of reasons it would not be appropriate to include it in the budget papers as a specific item. The figures are nominal and subject to the wind-down process and there are commercial sensitivities around them.

**Mr HAMILTON-SMITH:** I understand all that, but there are some stakeholders, for example, people whose companies are beholden to Playford Capital because Playford has a stake in them, who will be a little disappointed that it has taken today's session of budget estimates to have this information publicly and openly revealed when it could have been in the budget papers or announced by the government earlier.

**The Hon. J.J. SNELLING:** I met with the companies on 27 September; they were informed of the government's intentions as soon as possible.

**Mr HAMILTON-SMITH:** A couple of them have spoken to me, too.

**The Hon. J.J. SNELLING:** I have no doubt they have.

**Mr HAMILTON-SMITH:** That is all on Playford.

**The Hon. J.J. SNELLING:** It is not an easy decision to have made and I acknowledge the decision will have a potential impact on a number of investee companies. It is a very delicate area, an area in which we have obligations to the commonwealth that have to be met, but overriding for me is the number of policy priorities, a question of whether this is a good area for a government to be involved. I make no bones about being an economic rationalist, and I do not think this is a good area for the government to be involved.

In terms of the recurrent expenditure, I think there are better ways we can help start-up companies with that \$1.7 million, without necessarily holding equity in them. I think private venture capital companies operate better, more efficiently and more flexibly without being burdened by government ownership.

**Mr HAMILTON-SMITH:** I suppose I am curious as to whether or not the government could have turned this into an income measure, if there had been a way to sell or enter into an

arrangement with another venture capital fund to buy the goodwill and a lot of what has been created with Playford, so that Playford goes on to bigger and better things, but without government ownership, but that gets back to the question I have already asked, which you have answered.

**The Hon. J.J. SNELLING:** I had four options. The option I decided on was the one which I thought was in the best interests of the investee companies and would cause the least disruption to the investee companies.

**Mr HAMILTON-SMITH:** Yes, fair enough. You have answered that question and I thank you for it. Will any legislation be required in order to make this happen?

**The Hon. J.J. SNELLING:** No, there are regulations which will expire next year—but, no.

**Mr HAMILTON-SMITH:** There is no act that deals with Playford?

**The Hon. J.J. SNELLING:** No, there are regulations. They are established under the Public Corporations Act. We should say it is the Playford Centre, and then Playford Capital is a subsidiary of the Playford Centre. The Playford Centre is established under the Public Corporations Act, but there will not be any need to change legislation.

**Mr HAMILTON-SMITH:** Okay. The Venture Capital Board was formerly, I think, under the management of this portfolio and has now been transformed. Could you just update the committee on what has happened with the former Venture Capital Board's enterprises, investments and whatever funds remain in that budget line?

**The Hon. J.J. SNELLING:** The Venture Capital Board has always been under DTED. It has never been under this portfolio. It is now part of Innovate SA.

**Mr HAMILTON-SMITH:** Right. Perhaps I should ask this question of the other minister, but—

*The Hon. J.J. Snelling interjecting:*

**Mr HAMILTON-SMITH:** I note your point. It was under the Treasurer at one stage, then it moved to the current minister in the restructure, with industry and trade, rather than stay with Treasury. I thought it was under Treasury, actually.

**The Hon. J.J. SNELLING:** It would have been when the Treasurer was minister for trade.

**Mr HAMILTON-SMITH:** Okay. Well then, I suppose that raises the question about whether this new-found reluctance by the government to get involved in anything to do with venture capital is something within your portfolio or a broader government strategy. If it is a broader government strategy not to get involved in VC-type activities—I note Innovate SA is up for the cut—will DTED not be continuing with any venture capital initiatives or will DTED no longer be taking stakes in companies, as they have through various funds that they operate?

**The Hon. J.J. SNELLING:** Just to correct what the member for Waite said, this decision is arising from a policy of the government not to get involved in equity in venture capital firms.

**Mr HAMILTON-SMITH:** Okay.

**The Hon. J.J. SNELLING:** That is what is unique about Playford Capital. It is what differentiates it from other ways that government might assist start-up companies. That is the key distinction. As to other areas outside of my portfolio, I would need to take them on notice. If you want to know what the government's intentions are, I have some information here, if you want to hear it. It is outside of my portfolio.

**Mr HAMILTON-SMITH:** That is all right. I am always happy to have information outside a minister's—

**The Hon. J.J. SNELLING:** From 1 July 2009, the operations of the former Venture Capital SA transitioned to the SA Centre for Innovation, which is now known as Innovate SA. In addition to matching companies with funding requirements to sources of investment in equity capital, Venture Capital SA also conducts seminars and investment ready courses and a number of educational programs. So, what it does is completely different; Playford does some of the things that they do but what distinguishes them is that Playford Capital holds equity in these companies.

**Mr HAMILTON-SMITH:** I move onto Bio Innovation SA, sub-program 2.3 in Budget Paper 4, Volume 4, page 14.26. What staff cuts and program cuts will be required at Bio Innovation SA, and what cuts to programs that it administers, as a consequence of the government's decision to cut \$4.6 million over four years outlined in Budget Paper 6?

**The Hon. J.J. SNELLING:** In terms of opening my remarks about Bio Innovation SA, in any sector where the government is involved to get that sector established, as it has done with Bio Innovation, I do not think that anyone would expect that the government's involvement and assistance to that sector would remain in perpetuity. Once the sector had matured then the government would, in an orderly way, phase out its involvement and look to new sectors where government might assist it to get started.

So, in terms of reducing government funding to Bio Innovation SA, as the sector matures and is able to stand up on its own, and I am confident that it is getting to that point, government will reassess its assistance to the sector. It is a very important sector to the state economy, and Bio Innovation SA has done tremendous work in helping to establish that sector.

In terms of the staff FTE reductions, I am advised that the reductions are from 16 FTEs to 12 FTEs, and that is a reduction that has already been achieved. The savings targets which have been identified are: a reduction in administrative costs; a reduction in staff (as I have already mentioned); a reduction in grants to companies; increased revenue for the incubator building; moving towards a break-even operation, not including the lease obligations that it has to the Land Management Corporation; a reduction in lease payments to the Land Management Corporation as a result of lower construction costs for the Bio SA incubator; and a deferral of plans to construct incubator stage 2.

There is also a land sale. There are two land parcels, consisting of two hectares in total, that are currently on the market, and I will not mention the figure. At the moment there are no current buyers due to zoning restrictions. So, that process is happening.

**Mr HAMILTON-SMITH:** A couple of things you mentioned there: grant funding. What grant funding was extant before the cuts and what grant funding will be available after the cuts—that is, the total amount of the grants—and how many grants were we offering before the cuts? So, both the quantum of the grants and the number of the grants.

**The Hon. J.J. SNELLING:** I can go through what the grants are at the moment. Which grants will be reduced will be up to the board; it will make the decisions about which grants will be reduced or wound back as part of this saving. The grants awarded for 2009-10 were:

- \$1.173 million in grants to industry and academia through the Commercial Development Initiative (CDI), Business Development Initiative (BDI), Entrepreneur in Residence (EiR), Research Infrastructure Fund (RIF), and Commercial Initiative fund (CI) grants;
- \$1.781 million operating grant to the Australian Centre for Plant Functioning Genomics;
- \$191,000 operating grant to Terra Rossa Capital; and
- \$400,000 in further Adelaide Integrated Bioscience Laboratories assistance.

That is a total \$3.7 million in grants and industry assistance in 2009-10. Dr Michaelis has advised me that it will go down to \$3.3 million and then a further reduction down to \$3 million.

**Mr HAMILTON-SMITH:** How will the cuts and program changes be implemented over the four years of the estimates period, noting that the most savage of the cuts occur in 2011-12 and 2012-13? You have mentioned that the board will make certain decisions now that the budget has been promulgated; what process will now unfold—given that most of the cuts are in 2011-12 and 2012-13—for implementing the cuts to programs and activities? What process will be followed?

**The Hon. J.J. SNELLING:** Dr Michaelis, as the chief executive, will put a budget to the board of Bio Innovation SA, which will then approve it.

**Mr HAMILTON-SMITH:** I gather that fewer companies will be affected next year, but there will be quite a lot of companies and a lot of programs affected in years 3 and 4, based on the cuts.

**The Hon. J.J. SNELLING:** Of the forward estimates?

**Mr HAMILTON-SMITH:** Because the cuts are back-ended.

**The Hon. J.J. SNELLING:** Not entirely back-ended; the reduction goes down to 891,000 in 2013-14 but, as you said, 2011-12 and 2012-13 are when we expect those savings to be made.

**Mr HAMILTON-SMITH:** I suppose where I was heading was are the smaller grants to companies going to be frontloaded or back-end loaded? In other words, you mentioned some other big-ticket items like not continuing with stage 2 of Thebarton and a few other major initiatives. I



wondered whether they were going to occur first or last, but it sounds like there is no decision on that at this stage.

**The Hon. J.J. SNELLING:** Basically, that would be up to the board. Presumably the board will decide according to the budget put to them by Dr Michaelis. What has happened is that there has been maturity in the sector. Bio Innovation SA has a close relationship with Terra Rossa Capital, so Bio Innovation has got these companies up to a stage where they will be attractive for investment from the private sector.

**Mr HAMILTON-SMITH:** Could you tell the committee how many companies have been assisted by Bio Innovation, say, in the last 12 months? How many jobs have been created, and how much revenue and exports generated? How much R&D expenditure has been amassed as a result of Bio Innovation's work? I just want to get that on the record.

**The Hon. J.J. SNELLING:** Over the nine-year period until June 2010, Bio Innovation SA has facilitated in doubling the number of bioscience companies in South Australia to more than 100 companies. Assistance with company growth has resulted in the increase in new FTEs from 800 in 2001 to 1,700 in 2008. Annual growth in the past two years is 250 new FTEs in bioscience companies per year. Bioscience companies' combined trading income was \$300 million in 2008—almost three times the amount reported in 2001-02—50 per cent of this as exports. An external review by Access Economics confirmed that Bio SA is a good investment for South Australia. The benefit cost ratio of nearly four in present net value terms equates to a contribution of about \$154 million over nine years.

I should point out that this decision that we have made about funding to Bio Innovation SA is not made because we do not think Bio Innovation SA is working. The government acknowledges the great work Bio Innovation SA has done, and that overwhelmingly it has been a success story. The decision is based on the fact that the sector has matured and there is less need for government assistance to it. I do not think anyone would think that any sector of the economy that the government identifies as having potential should be supported by government in perpetuity. Eventually the government needs, in an orderly way, to withdraw its support for a sector as it is able to stand on its own two feet.

**Mr HAMILTON-SMITH:** I take that, but it does sound a bit odd, minister, hearing what good outcomes the people of South Australia have received for their investment in Bio Innovation. Given the glowing report by Access Economics you have mentioned—and earlier when we were talking about Playford you mentioned that Bio Innovation was a better model than Playford—are we strangling the golden goose? I suppose that is my question. In particular, how does our level of investment after these cuts compare with the level of investment being made by other state governments in their bio innovation industries?

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

**Mr HAMILTON-SMITH:** For example, in Queensland and WA? How is our work rate and our investment rate standing up alongside our competitors'? Some of these companies that are coming to us will also be able to go to other states.

**The Hon. J.J. SNELLING:** As I have said repeatedly, this decision has been made as this sector has matured. Increasingly, this sector has been so successful that it does not require the level of government assistance that it did early on. So, in no way is this decision an adverse reflection upon the good work Bio Innovation SA does; quite the contrary, we are recognising that Bio Innovation SA has done its job well. The sector has matured, and for any sector to be maintained in perpetuity on government assistance would just not make sense. So, as the sector has matured, the government has been winding down its assistance. It does not help the industry for it to be forever reliant on government assistance.

What we are seeing is the private sector moving in. Terra Rossa Capital has a fund of \$35 million for investment in this sector. So, we expect companies such as Terra Rossa to move in and take over from government, and that is what we have always wanted. I do not think the previous government would have intended, when it made the decision to establish Bio Innovation SA, that forever and a day, this sector would need government assistance.

**Mr HAMILTON-SMITH:** As I was minister for this area in the former government, I can tell you that we intended to take it to a new level. Minister, can you provide further information in respect of the two hectares of land you identified for sale? Where is that land and when will it be sold?

**The Hon. J.J. SNELLING:** I might hand that over to Dr Michaelis.

**Dr MICHAELIS:** Where?

**Mr HAMILTON-SMITH:** The minister mentioned two hectares or two parcels of land that were to be sold as part of the savings to be achieved. Did I hear that correctly, minister? Is that at Thebarton?

**The Hon. J.J. SNELLING:** I will ask Dr Michaelis to give you the detail.

**Dr MICHAELIS:** Our intention with Thebarton was always to remediate the site, build the business incubator as the hub of that new development of 100,000 hectares and, once the parcels of land were fully developed and cleaned up—it is an old tannery—we would put it on the market for sale. Two blocks of 10,000 square metres each are currently on the market for sale. The proceeds from the sale, when it happens, will go back to Treasury and Finance because it financed the purchase of the land in the first place.

**Mr HAMILTON-SMITH:** It is at Thebarton?

**Dr MICHAELIS:** It is at Thebarton.

**Mr HAMILTON-SMITH:** And it is part of the bioscience precinct?

**Dr MICHAELIS:** That is correct.

**Mr HAMILTON-SMITH:** We have refurbished the land, have we, and now we are putting it on the market?

**Dr MICHAELIS:** That is correct.

**Mr HAMILTON-SMITH:** Is there a caveat that it will be the remaining part of the bioscience precinct and that bioscience companies will move there? For example, could that land be bought by ABC Canneries or DGD Crash Repairs or for a warehouse or a Bunnings' site? Is it going to remain part of the precinct, or is it up for sale and whoever comes along can have it?

**Dr MICHAELIS:** It is amazing to see how much biotechnology is actually employed these days in canneries, and we should not underestimate that, but there are restrictions on it. The land is on a community title, and the community title stipulates that it is for sale for high technology companies. So, we are trying to preserve the area of Thebarton, which already has 90 high-tech companies co-located there. We would like the land not to be sold to a non-related industry.

**Mr HAMILTON-SMITH:** We would like that, but are we going to require that?

**The Hon. J.J. SNELLING:** It is zoned for that purpose, and there is no intention to change the zoning. So, if it was to be sold or put to another purpose, it would require rezoning. It is zoned for that purpose, and that is what the intention is.

**Mr HAMILTON-SMITH:** It is zoned for bioscience.

**Dr MICHAELIS:** It is a very broad definition of bioscience.

**Dr McFETRIDGE:** Just on that zoning, rubbish recycling, metal recycling and bottle recycling are all in there as well. Are they going to go, are they? I confess that my daughter owns a small property there, and the owners of those industries keep telling her that they will be there forever. So I just wonder where you are going?

**The Hon. J.J. SNELLING:** Dr Michaelis.

**Dr MICHAELIS:** Over probably the last 10 years, we have seen quite a change in Thebarton. As you know, it is an old industrial site with rundown buildings and very traditional industries which occasionally are struggling. The mere fact that we have constantly pushed more high-tech companies, bioscience companies, into that sector has resulted in more and more supply companies that are supplying these other 90 companies moving into the sector. Private developers are now moving into the area, purchasing blocks of land, demolishing old buildings, and building up, providing rental accommodation for supply companies.

We find that, because there is such a shortage of office and laboratory space in the bioscience industry, the private sector is not providing office space in Thebarton for biotech companies. We are seeing a real transition from an old industrial site to the moving in of modern, advanced and knowledge-based industries and, with it, the location decisions of some scientists and business leaders to move into the surrounding areas—into the western suburbs—which has a flow-on effect on housing development. It is one example in Australia (and Thebarton is very unique) where we can see, through a government initiative and long-term commitment to changing

an environment, a change in the industry landscape and a change in the socioeconomic framework in the western suburbs.

**Dr McFETRIDGE:** I think the only business that we all would like to see go very quickly is the Finks Motorcycle Clubroom, which is there as well.

**The Hon. J.J. SNELLING:** They are neighbours, I think, are they not?

**Dr McFETRIDGE:** They are.

**Mr HAMILTON-SMITH:** Just staying with Thebarton Bioscience, you mentioned that the stage 2 development would not proceed. Did I hear that correctly? Can you elaborate on that for the committee? What savings will be achieved by that not proceeding, and what does 'not proceeding mean'?

**The Hon. J.J. SNELLING:** I think deferred sine die is probably the term.

**Mr HAMILTON-SMITH:** Just remind the committee what was stage 2, how much was the investment for stage 2, when was it to have been completed, and what does the minister mean by 'deferred'?

**The Hon. J.J. SNELLING:** There was never funding to build it in the first place.

**Mr HAMILTON-SMITH:** There was a costed figure, though, was there not?

**Dr MICHAELIS:** It was about \$35 million.

**Mr HAMILTON-SMITH:** Was about half of that to be government money and half private, from memory? I think that came through Public Works.

**The Hon. J.J. SNELLING:** I do not think it would have gone to Public Works.

**Mr HAMILTON-SMITH:** I have seen something on this in Public Works. Some of it has come through Public Works.

**Dr MICHAELIS:** I think it may have gone to Public Works as part of the development application.

**Mr HAMILTON-SMITH:** Was about half of that state government money and half private? Is that right?

**Dr MICHAELIS:** With the financial modelling for a project like this of \$35 million capital cost, in order to get a private developer to get core funded, the government would have to pay over a 20-year period about \$20 million. So, on average, that is about \$1 million a year to attract core development money. The problem with these buildings is they are, per square metre, very expensive to build—more expensive than an office building because they are highly flexible and have to accommodate a number of tenants. There are about 800 or so of these buildings world wide. Our incubator building in Thebarton is currently the only one of its type in Australia, and more than 90 per cent of them are government core financed in one way or another because they usually cannot operate on a commercial basis.

**Mr HAMILTON-SMITH:** I understand then that, of the \$35 million, \$20 million would have been government money over 20 years and \$15 million would have been co-funding from the private sector. What the government has decided to do, if I am hearing correctly, is not invest that \$20 million but defer that indefinitely and that will not go ahead. Is that correct?

**The Hon. J.J. SNELLING:** The saving achieved by Bio Innovation SA is not having to work up the project. If they do not have to work up the project they are making a saving by not having to do that activity, but the government never committed any funding for this project.

**Mr HAMILTON-SMITH:** Is the land within the two hectares that is for sale, land that was going to be used for stage 2; or is the land for stage 2 still going to be retained?

**The Hon. J.J. SNELLING:** No.

**Mr HAMILTON-SMITH:** The land for stage 2 will not be retained?

**The Hon. J.J. SNELLING:** No—in relation to your original question about whether stage 2 was part of the land that is going to be sold, the answer is no.

**Mr HAMILTON-SMITH:** So, is the land that has been identified for stage 2 to be retained by the government?

**The Hon. J.J. SNELLING:** Retained by Bio Innovation SA at this point.

**Mr HAMILTON-SMITH:** So, it will still be there if—

**The Hon. J.J. SNELLING:** If some future government wants to do it. I think, having got up a \$125 million project in this budget for a new VET training facility at Tonsley, I would be trying my luck with the Treasurer to make an approach about this.

**Mr HAMILTON-SMITH:** I guess the key point is that the government has no immediate plans to sell that land?

**The Hon. J.J. SNELLING:** No.

**Mr HAMILTON-SMITH:** Does it have any other plans to sell that land later on—not immediate plans?

**The Hon. J.J. SNELLING:** Well, it is not part of the savings targets that have been identified in the budget.

**Mr HAMILTON-SMITH:** Can you update the committee on how much has been spent at Thebarton Bioscience Precinct to date, whether all the space that has been built is rented, or sold and let, or whether any of it is vacant?

**The Hon. J.J. SNELLING:** I will ask Dr Michaelis to respond. He does not have all the information to hand but he will answer with as much information as he has. The rest we can take on notice.

**Dr MICHAELIS:** Some of these we have to take on notice, but high level figures only. From memory, the land was purchased—the entire new Thebarton site of about 49,000 square metres—for about \$6 million and the business incubator building, as it stands now, cost about \$12.1 million. That is roughly—high level figures only. The building was fully leased prior to completion and there is currently no vacant space in the building. All the space has been leased.

**Mr HAMILTON-SMITH:** That leads to my next question. I am hearing from industry that there are biotech companies ready to move into a stage 2, if it were to be built, and that the demand is there, but without the building they cannot move. I am just wondering if that is correct, or if that is the government's understanding, that there is demand for stage 2, and that it could be viably let?

**The Hon. J.J. SNELLING:** We have no way of knowing. Unless it was built we would not know.

**Mr HAMILTON-SMITH:** Yes, right. I move on to the Australian Centre for Plant Functional Genomics (ACPFPG). I think you mentioned a figure in your earlier comment to the committee, but what financial investment has Bio Innovation made in the plant functional genomics centre to date? When I say 'investments', what moneys has it provided to the plant functional genomics centre to date? What money did it provide in the last financial year, and what cuts are now going to be made to funding support for the ACPFG over the estimates period in each year?

**The Hon. J.J. SNELLING:** The important thing to say is that Bio Innovation administers the state government's interests in the Australian Centre for Plant Functional Genomics. Since 2001-02, the government has provided two rounds of funding to the ACPFG to support the establishment and growth of the facility. In the current funding round (ACPFPG II) from 2008, the contribution is \$8.75 million over five years, and that is indexed to CPI, so it is not affected by this budget in any way.

**Mr HAMILTON-SMITH:** So, I am hearing \$8.75 million—

**The Hon. J.J. SNELLING:** Over five years.

**Mr HAMILTON-SMITH:** —over five years from this financial year?

**The Hon. J.J. SNELLING:** From 2008.

**Mr HAMILTON-SMITH:** Which would take it through until?

**The Hon. J.J. SNELLING:** 2012.

**Mr HAMILTON-SMITH:** So there is funding of \$8.75 million there from Bio Innovation up to 2012.

**The Hon. J.J. SNELLING:** No, it is from the government; it is not from Bio Innovation. It is an investment from the department. Sorry, it appears in Bio Innovation SA's budget, but it is a government investment, it is administered on the government's behalf by Bio Innovation SA.

**Mr HAMILTON-SMITH:** So, it is government money, through the department, administered by Bio Innovation SA, \$8.75 million over five years, and that comes to an end in 2012?

**The Hon. J.J. SNELLING:** Yes.

**Mr HAMILTON-SMITH:** And that is the current agreement?

**The Hon. J.J. SNELLING:** Yes.

**Mr HAMILTON-SMITH:** Right. Budget Paper 6, of course, goes beyond 2012 to 2013-14, so I am asking what is the government's intention for the next round of funding for the Australian Centre for Plant Functional Genomics, and is there an assurance that at least this current funding level plus inflation, or whatever, will be maintained? What is in the budget for 2012-13 and 2013-14?

**The Hon. J.J. SNELLING:** It is a decision that we will have to make at the time.

**Mr HAMILTON-SMITH:** There is no commitment from government at this stage?

**The Hon. J.J. SNELLING:** The commitment is to 2012.

**Mr HAMILTON-SMITH:** That is until June 2012. In the last two years of the estimates period, there are no moneys committed at present for the plant functional genomics centre, is that correct?

**The Hon. J.J. SNELLING:** That is correct.

**Mr HAMILTON-SMITH:** When will the decision time line occur for that commitment to be necessary for the plant functional genomics centre to have an ongoing life?

**The Hon. J.J. SNELLING:** It will be made as part of the 2012 budget process.

**Mr HAMILTON-SMITH:** Is it correct that the plant functional genomics centre will not necessarily know until May 2012 whether it will have funding beyond June 2012?

**The Hon. J.J. SNELLING:** It is important to note that state government funding of the centre is only a component of the total funding that it gets. It has received \$36.6 million from the Australian Research Council (ARC) and a further in-kind contribution of \$45.6 million. That is a combined contribution of \$82 million over the five years to support the centre.

As we said, the state government's contribution is \$8.75 million. We will make a decision as part of the 2012 budget process. We will make a decision accordingly.

**Mr HAMILTON-SMITH:** I remember when this funding application was taken to cabinet in 2001. The contribution by the other parties very much hinged on the state government's contribution. In other words, if we did not continue to provide funding they would not, either. It seems to me from the minister's answers that we may be hanging the plant functional genomics centre out a little; or, in other words, creating a bit of uncertainty.

If it has not got a firm financial commitment from the state government, the other parties providing funding may well say, 'Well, we're not sure whether the state government is committed to this, so maybe we should not put money aside, either.' Is that a risk?

**The Hon. J.J. SNELLING:** We will take that into account at the time. This is not unusual in my portfolio. There are plenty of things the state government puts money into which helps leverage money from other sources, whether that be from the private sector or from the commonwealth. This is not unusual.

It is funding for five years. Again, that is not an unusual thing. There are plenty of areas of government where government agrees to fund something for a period of time; and, at the end of that period of time, government has to make a decision about what it will do—whether it will continue to fund that in the future. It is just good financial management to put in time lines and things, and it gives certainty to organisations in receipt of government funding about what they are going to get over a period of time.

**Mr HAMILTON-SMITH:** I suppose the question that concerns me, though, is that we have recently created the Research Institute at the Waite. We have recreated, if you like, the centre of

excellence there. I think that the government is a partner there with the university and with various other parties.

We are promoting the Waite, and it would seem to me that the government ought to have a long-term strategic vision for the Waite, including the plant functional genomics centre, that might require it to step out of the normal budgetary process and say, 'Look, if we want to continue this, we had better be prepared to make a long-term commitment here or risk losing things.'

**The Hon. J.J. SNELLING:** It just does not work that way because, for one thing, governments change. A commitment from this government to fund something for anything longer than five years is almost meaningless because governments change. A future Liberal government might decide that this is not a priority into which it wants to put money.

A government commitment for anything longer than a period of about five years, I do not think, is a commitment really worth making because you are trying to hold future governments to a promise of a particular place in time. This is not an unusual arrangement. There are lots of areas in government where we agree to fund something for a period of time. It is just part of good financial management.

I have no reason to believe that this centre is in any danger because of the arrangements we have to fund it at the moment. As 2012 draws closer, we will be in discussions and we will make a decision about the funding of it.

**Mr HAMILTON-SMITH:** I take the minister's point, but the government has been prepared to make commitments right into the long term down at Techport and in the defence area, where we have made commitments to the shipbuilding projects and the building of infrastructure down there. We have made commitments to other infrastructure, such as roads and the electrification of rail. We have made a number of commitments in the budget that will go beyond—

**The Hon. J.J. SNELLING:** You are talking about building infrastructure; that is different from this.

**Mr HAMILTON-SMITH:** It depends on how you look at the plant functional genomics centre. You could very well look at that, and at what has been created up at the Waite, as intellectual infrastructure. It is a building, after all. It is the building mainly that is the infrastructure around which the centre—

**The Hon. J.J. SNELLING:** Yes, but it is not building infrastructure in the way of electrifying a railway, building a tramline or building infrastructure down at Techport. You are comparing apples with oranges.

**Mr HAMILTON-SMITH:** Or the maritime training skills centre you announced in the parliament recently at Techport, which is a long-term commitment we have made. I make the point that—

**The Hon. J.J. SNELLING:** As 2012 becomes clear, the government will have discussions and we will decide what our commitment will be.

**Mr HAMILTON-SMITH:** I will not labour the point.

**The Hon. J.J. SNELLING:** In terms of the commonwealth funding through the ARC, that process will probably start next year, so there will be discussions with the government on part of that process.

**Mr HAMILTON-SMITH:** The danger I see is that a cashed-up state government like WA or Queensland might well say, 'Oh, okay, what are you hanging out for—\$8.75 million over five years? Good; we will put \$12 million down over five years and build you a new centre', and then go to the other parties and say, 'Why don't you move the plant functional genomics centre to Perth or to south-east Queensland?', which is what has been going on. We could lose the lot because the commonwealth money and the other money will go wherever the seed state money is. If there is even a sniff that the state government is no longer interested in such a centre of excellence, would the minister agree that there is a risk that could happen if we do not flag our commitment early?

**The Hon. J.J. SNELLING:** It would be rather hard to move it, given the nature of the facility and the fact that it is embedded in Waite. No, I do not think there is a great danger of it moving interstate. The \$30 million plant accelerator at the University of Adelaide's Waite campus is just next door and critical to the operation of the centre. It would be stretching the point to suggest such because we have a five-year agreement to 2012. We will make a decision at the appropriate time about future funding.

**Mr HAMILTON-SMITH:** Moving on, same budget line and page number: you mentioned that \$191,000 would be paid to Terra Rossa Capital in the current financial year, I gather.

**The Hon. J.J. SNELLING:** It was the last financial year. It is about the same every year.

**Mr HAMILTON-SMITH:** Is that the complete picture of expenditure by government on Terra Rossa Capital? Are there any other moneys that flow from government in some way to or from Terra Rossa, or is that the complete picture?

**The Hon. J.J. SNELLING:** Not to my knowledge.

**Mr HAMILTON-SMITH:** Are Terra Rossa Capital and Bio Innovation SA joined at the hip? I notice the Sustainable Budget Commission recommended that Bio Innovation be closed, and I commend the minister, to the extent of having been through the bilaterals process, for going in to bat to save it. If Bio Innovation were to collapse or close, would Terra Rossa Capital go with it? Alternatively, is Terra Rossa Capital a free agent that could find itself in Sydney, Melbourne, Brisbane or Perth, given the right advances from another state government?

What is the relationship between Terra Rossa Capital and Bio Innovation SA? Is Terra Rossa Capital a completely free agent which is completely independent of government and which could pick itself up and move to Sydney, Melbourne or Brisbane at a whim, or is there some other connection?

**The Hon. J.J. SNELLING:** Bio Innovation SA and Terra Rossa are two separate entities. Terra Rossa sources its capital from the MTAA, the MTAA superannuation fund.

**Mr HAMILTON-SMITH:** The national body, yes.

**The Hon. J.J. SNELLING:** The agreement with the MTAA is that, if state government funding or support for Bio Innovation SA is reduced below a particular level, then MTAA reserves its right to withhold additional investment funding, but that has not happened.

**Mr HAMILTON-SMITH:** No, but were it to occur, I suppose MTAA would always be open to an advance from somewhere else. Anyway, I think that answers my question. I move off Bio Innovation SA now—and I thank the staff if they are not staying—and I will go to more general issues about the department's functions in respect of science and technology. I refer to Budget Paper 4, Volume 1, page 14.3. Of the 3,402 FTEs in the department identified in the budget, can you tell me how many are engaged in the area of science and technology? I am looking at your organisation chart. The total number of people—

**The Hon. J.J. SNELLING:** Of the total in the department, how many in science and technology?

**Mr HAMILTON-SMITH:** Yes; how many are engaged in duties that fall within the science and technology budget line. It is a bit hard to identify from your organisation chart.

**The Hon. J.J. SNELLING:** 31.4 FTEs as at 30 June 2009 and 30.63 FTEs as at 30 June 2010. It is rather remarkable that we are spending two hours examining such a small agency.

**Mr HAMILTON-SMITH:** But this is a very important agency, minister.

**The Hon. J.J. SNELLING:** Absolutely.

**The CHAIR:** I invite members of the committee to consider how we might shorten it.

**Mr HAMILTON-SMITH:** Never let an opportunity go by, Mr Chair. Exactly where are these FTEs dedicated to science and technology placed in the organisation chart, because I note, looking at your department's organisation chart, it does not seem to be streamlined into the TAFE responsibility and the science and technology responsibility. Where are these people placed?

**The Hon. J.J. SNELLING:** They are in the science and information economy directorate and they report in under the Deputy CE, Dr Craig Fowler.

**Mr HAMILTON-SMITH:** What is the title of the deputy CE?

**The Hon. J.J. SNELLING:** Director, Science and Information Economy. It is on page 22 of the annual report. Is that what you are looking at?

**Mr HAMILTON-SMITH:** What is the full title of the deputy CE, because there are a number of deputy CEs.

**The Hon. J.J. SNELLING:** There are two deputy CEs. If you are looking at the organisation chart, you will see 'Deputy Chief Executive, Planning, Policy and Innovation' (the gentleman to my right) and then you will see there 'Director, Science and Information Economy'.

**Mr HAMILTON-SMITH:** So, all those people work in the Directorate of Science and Information Economy?

**The Hon. J.J. SNELLING:** About 31-odd people are all in that.

**Mr HAMILTON-SMITH:** There are none filtered around elsewhere?

**The Hon. J.J. SNELLING:** No.

**Mr HAMILTON-SMITH:** That answers that. Of those who work in this area, how many are paid in excess of \$100,000?

**The Hon. J.J. SNELLING:** One. About one; I will check that. I will double-check but I think it is one—the director.

**Mr HAMILTON-SMITH:** I think you mentioned there were no plans to cut numbers in this area?

**The Hon. J.J. SNELLING:** No, there are not. It is pretty hard to make savings with an FTE of 31.

**Mr HAMILTON-SMITH:** You could make a 10 per cent cut.

**The Hon. J.J. SNELLING:** Well, perhaps.

**Mr HAMILTON-SMITH:** It would look good on paper. I refer to Budget Paper 4, Volume 4, page 14.3, government ICT management. Is there an overlap or duplication with other departments in responsibility and staffing levels for science, technology and information economy. For example, what relationship do your people have with DTEI in the area of government ICT outsourcing and the activities of the Chief Information Officer, because I can see there is a connection. To what degree is there a connection and what is the degree of overlap? Is there any duplication?

**The Hon. J.J. SNELLING:** There is a close working relationship and collaboration. The Chief Information Officer comes under the Department for Transport, Energy and Infrastructure, under minister Conlon. I do not think it would be correct to say that there is any overlap, but there is certainly close collaboration between the two, particularly with regard to Dr Genevieve Bell's recommendations and the implementation of that.

There is a high-level government working group, the Digital Economy Strategy Group, comprising chief executives from relevant departments, which is constituted with the purpose of providing strategic input and direction, to position the state to maximise opportunities in the digital economy. Cabinet has approved the formation of an NBN task force to lead and coordinate across government interaction with NBNCo. The NBN task force reports to the Department for Transport, Energy and Infrastructure and the Minister for Infrastructure. They collaborate but there is no duplication or overlap between the two.

**Mr HAMILTON-SMITH:** I am reading pages 91 to 93 of the Sustainable Budget Commission's second report, August 2010, volume 1. Does the minister agree that government ICT operations need to be made more efficient and that new service delivery models are needed including opportunities to centralise in government the external provision of services? What the Sustainable Budget Commission says, in effect, is there is a lot of overlap and duplication, and what needs to happen is that it all needs to be centralised, and possibly, provided externally. Do you have a view on that?

**The Hon. J.J. SNELLING:** It is not a matter I have any view on. It is not something that is the responsibility of my department. It is a question you would have to ask minister Conlon.

**Mr HAMILTON-SMITH:** I had pencilled that it in as your answer, actually.

**The Hon. J.J. SNELLING:** So, it was a Dorothy Dixier?

**Mr HAMILTON-SMITH:** I thought you would say that because that is part of the problem. You know, there are a number of ministers with a finger in the ICT pie.

**The Hon. J.J. SNELLING:** The demarcation is pretty clear. The responsibilities I have are quite different and the sorts of things we do are quite different. It is an important collaboration but that is about it.



**Mr HAMILTON-SMITH:** I do not necessarily concur and I will explain why. On Budget Paper 4, Volume 4, page 14, let me just ask you why it is that you have produced so many strategic planning documents? As I understand the budget, your job is to set the direction and, in many ways, set the future vision for ICT services.

For example, I see you have produced a document called STI<sup>10</sup>. There is a whole of government research forum mentioned in your budget and a whole of government STEM (science, technology, engineering and mathematics) skills strategy. You have launched a strategy called the Information Economy Agenda 2009-2014 and obtained a Thinker in Residence report called Staying Connected: Exploring South Australia's Digital Futures. Are there any other strategic planning documents? Is that a complete list? Which one is the prime source of strategic guidance that is supposed to be guiding the whole-of-government movement forward on ICT? Is there a single document?

**The Hon. J.J. SNELLING:** The answer to your question is no; that is the complete list, as I understand it. What this agency does, to do with IT, are broader policy issues that cover the entire state in the development of ICT across the whole state. The Chief Information Officer has very particular responsibilities for ICT within the government, so there is quite a clear demarcation between what the Chief Information Officer does and what my agency does. So, all of the plans you are talking about relate to broader policy implications or issues in regard to information technology.

**Mr HAMILTON-SMITH:** It sounds like DTEI might benefit from sitting down with some of your people and working together on future directions, because—

**The Hon. J.J. SNELLING:** That is why there is there is close collaboration between the two. They do not operate in silos, but there is a clear understanding about where the Chief Information Officer's responsibilities are and where my department's responsibilities are.

**Mr HAMILTON-SMITH:** I note the Auditor-General has produced special reports on this whole question of the future of our ICT strategy. I know you have done a lot of work on it, and DTEI has done a lot of work on it, but then the Sustainable Budget Commission identifies it as a major area for cuts, not many of which have been implemented. I make that observation, but I realise it is an observation and not a question, so I am happy to move on.

**The Hon. J.J. SNELLING:** Fair enough.

**Mr HAMILTON-SMITH:** Budget Paper 4, Volume 4, page 14.25, broadband blackspots. How many broadband blackspots still exist in SA, where are they and what is the government doing to expand broadband services to cover the gaps in metropolitan and regional SA?

**The Hon. J.J. SNELLING:** Dr Craig Fowler knows this issue back to front.

**Mr HAMILTON-SMITH:** Inside out and back to front.

**The Hon. J.J. SNELLING:** Inside out. I am going to give him his moment to shine.

**Dr FOWLER:** Thank you, minister. The question, I think, should be reasonably confined to the metropolitan area in terms of mapping of blackspots. The mapping that we undertook prior to the AdamMax contract was that we made an estimate within the wider metropolitan area of about 55,000 blackspots. The contract was let. The contract is about three-quarters completed. The position currently is that about 70 per cent of the planned towers to be built have been built. That means that there is now opportunity for consumers living in those blackspots to connect to broadband through those towers.

If all were connected, the connections would therefore be covering about 70 per cent of those 55,000. Clearly, it depends if people are connected or choose to connect or use that service for a connection. So, what has been provided is the potential currently built to remove about 70 per cent of those 55,000 blackspots. It depends then on consumers choosing that option and eliminating their personal blackspot. That is the process as it is occurring at present. The build should be finished by November or December this year, the contract having started November of last year.

**Mr HAMILTON-SMITH:** Did you say 55,000 blackspots?

**Dr FOWLER:** That was the estimate—

**Mr HAMILTON-SMITH:** Could you just define a blackspot?

**Dr FOWLER:** —of the metropolitan area. Your question was the whole of South Australia?

**Mr HAMILTON-SMITH:** Yes.

**Dr FOWLER:** I cannot give you an answer in terms of regional South Australia. That is a different kind of mapping exercise which is difficult to establish because it is so regionalised around small cities and towns. I can give you an estimate of the blackspots on a discrete mapping exercise in the metropolitan area.

**Mr HAMILTON-SMITH:** What is defined as a blackspot then? What are you defining as a blackspot when you give the figure of 55,000? How big an area?

**Dr FOWLER:** It depends on whether or not householders or business owners have attempted to obtain broadband by whatever service possible, and they would then lodge their application and find that they cannot connect through the current service providers or, for example, do not choose to go with more expensive mobile service providers. So, the blackspot is where constituents and businesses have been unable to obtain a reasonably priced broadband service.

**Dr McFETRIDGE:** On that same reference, what guarantee will the state government give that there will be sufficient South Australian demand for the fibre to the premises or fibre to the node broadband under the federal government's national broadband network announcement, or will the government follow Tasmania and have a customer opt-out for the national broadband network?

**The Hon. J.J. SNELLING:** The decision was one to be made in the future: it is not a decision we have made as yet. It is not even a matter that has come before me to consider.

**Dr McFETRIDGE:** I ask the question in the context of a comment made by Professor Paul Kerin, from the Melbourne University School of Business in April of last year, who stated:

[Prime Minister] Rudd claimed that FTTP—

which is the fibre to the premises—

is 'where all countries around the world are going'.

And that is quite wrong. He continues:

Most countries have no FTTP, nor plans for it. Current European...FTTP [or FTTN]—

fibre to the premises and fibre to the node—

penetration is 0.2 per 100 inhabitants. A recent EU-sponsored study forecast that ADSL and cable would remain the main European broadband technologies, while FTTP [or FTTN] coverage would reach only 18 per cent by 2015.

So, I can see the temptation for an opt-out, but I hope we do not go that way.

**The Hon. J.J. SNELLING:** I am not going to engage in a debate over the merits or otherwise of the NBN. The only implication it has at the moment for us as a state government is that we have been approached by NBNCo about establishing a point of contact for NBN. We have established a task force to consider NBN-related issues, and that task force reports through the Minister for Transport, Energy and Infrastructure.

**Dr McFETRIDGE:** The NBN is, obviously, being installed to try to speed up access to the internet and all the other ICT information out there. Is the state government supporting the federal government's plan for internet filtering and, if so, why, because many ISP providers are saying that it will slow down the internet and so reduce the benefits of the NBN?

**The Hon. J.J. SNELLING:** It is entirely an issue for the commonwealth and not one on which I will be drawn.

**Mr HAMILTON-SMITH:** Can I get back to the question about the 55,000 blackspots. Are there certain geographic areas, suburbs or parts of Adelaide where these blackspots are most prevalent? Could you tell us the postcodes or suburbs where the biggest problems lie.

**The Hon. J.J. SNELLING:** I will ask Dr Fowler to respond.

**Dr FOWLER:** What I think would be the most appropriate is, in fact, to take the question on notice. I can explain to you in the broad that there most certainly are geographies and line of site issues that make some suburbs more or less amenable to receiving this technology but, from a postcode analysis, I do not have that with me. However, if you so wish we can provide you with the information as to where those sites are. Quite clearly, the letting of the contract with Adam was such that the contract clearly specifies that we are keen that the blackspots, where broadband through this technology can reach, will be eliminated.

**Mr HAMILTON-SMITH:** If I could take up that offer, please, and ask for that information, I would be most grateful. I have had concerns expressed by businesses in the southern suburbs, for example; they seem to have particular problems down there. Can you tell me what percentage of households access broadband in SA compared to the rest of Australia? Have you reached your target of 5 per cent of the national average?

**The Hon. J.J. SNELLING:** During 2008-09 the percentage of internet-connected South Australian households using broadband increased from 57 per cent to 81 per cent. The state continues to lag behind by 5 per cent when compared to the Australian broadband usage of 86 per cent. There are a couple of things I should say, and one is that I would expect that figure to increase in part because of the government's efforts, through the broadband blackspot program (AdamMax). South Australia has many more small towns than any other state in the commonwealth and that would have an effect on the percentage of the population that has access to broadband—it would affect that number.

**Dr McFETRIDGE:** Following on from that, has the state government undertaken any cost-benefit analysis to determine the take-up of South Australian broadband subscriptions under the federal government's NBN network? Once again, Professor Paul Kerin, from the Melbourne Business School, said:

Evidence shows that many internet users do not value FTTP (fibre to the premises) technology's extra speed enough to buy it when multiple broadband alternatives are available, as in Japan and Australia.

The Japanese government began heavily subsidising FTTP more than 15 years ago. FTTP coverage reached almost 100 per cent coverage 10 years ago, yet less than half of all broadband subscriptions are FTTP.

**The Hon. J.J. SNELLING:** Once again, the member for Morphett is trying to use this as a forum to debate issues involving the commonwealth relating to the NBN rollout.

**Dr McFETRIDGE:** No, we all want fast internet, minister.

**The Hon. J.J. SNELLING:** The member for Morphett has a particularly strong opinion, obviously, and one to which he is entitled but it is not one on which I will be drawn in this forum. I can give the member for Morphett some information regarding a cost-benefit analysis done for our WiMax blackspots program on Yorke Peninsula.

On Yorke Peninsula we made an investment of \$1.3 million, and there is an estimated economic return on that investment of about \$39 million—they are rough figures. It is significant, from studies we have done on economic return from these sorts of investments, that they are significant. I beg your pardon: it was done over two stages, so there was \$1.328 million and then \$1.467 million. So, for an investment of just under \$3 million, there was an economic return of about \$39 million. When you invest in this sort of infrastructure, it does generate particularly good economic returns—or at least that is what we found—but I will not be drawn on the NBN issue.

**Dr McFETRIDGE:** The whole aim of the NBN, obviously, is to improve access. The Thinker in Residence program that you mentioned before, Staying Connected, reminded me of some comments by a former thinker in residence about the uptake of information technology sites such as Twitter. I refer to Baroness Susan Greenfield's comments in March last year. When she was asked about users of information technology like Twitter, she said:

Twitter...what saddens me is the banality of this 'it's all about me culture', where, you know, you just have to publicise you're cleaning your teeth or you're putting your socks on whatever.

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

**Dr McFETRIDGE:** I am glad that the member for Croydon agrees. The quote continues:

What that suggests to me is someone with a rather shaky sense of identity. It's almost like a small child who keeps saying, 'Look at me do this, look at me do that.'

Baroness Greenfield further commented about Twitter that:

It's primarily a world of a small child, a world of the here and now, a world of a sound byte, a world of an instant frozen moment where nothing has consequences.

As a non-Twitterer I totally agree.

**The Hon. J.J. SNELLING:** I have been a member of this place for just over 13 years, and I have had—

*Mr Hamilton-Smith interjecting:*

**The Hon. J.J. SNELLING:** The member for Waite and I have been—

**Mr HAMILTON-SMITH:** A very distinguished class.

**The Hon. J.J. SNELLING:** Very distinguished, the class of '97. I have sat through estimates in those 13 years—I did not have the opportunity to participate in this process when I was Speaker—but I think today is the first time that I have seen an opposition trying to burn time in estimates with these long-winded, meaningless and pointless statements.

**The CHAIR:** I must say, I am trying to find meaning in that question.

**Dr McFETRIDGE:** I know what the meaning is.

**The Hon. J.J. SNELLING:** The member for Morphett could have used a grievance if he wanted to get his important remark—

**Mr HAMILTON-SMITH:** Point taken.

**The CHAIR:** Order! Calm down; big deep breaths in and out. With 20 minutes to go, the chair will not be at all upset or hold it against anyone if we decide to go now.

**Mr HAMILTON-SMITH:** I have some more questions that I would like to get back to. Just on Thinkers in Residence and Dr Genevieve Bell, what was the exact period of her tenure? Did your department pay for the residency? How much was paid, and from which budget line was it taken?

**The Hon. J.J. SNELLING:** We made a contribution. The way Thinkers in Residence works is that they establish partnerships to fund a residence. With Dr Genevieve Bell we were one of the partners, but I think our contribution was principally in-kind, in terms of staff and resources. I am not sure whether or not we made a cash contribution; we would have to check.

**Mr HAMILTON-SMITH:** So you were not the principal sponsor?

**The Hon. J.J. SNELLING:** We were the host agency.

**Mr HAMILTON-SMITH:** But you did not have to pay for it, basically; it was in-kind.

**The Hon. J.J. SNELLING:** We were the host agency, but our contribution was mainly in-kind.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 1, page 14.8. The government has appointed a Mr Nicola Sasanelli as a special envoy higher education and research. I understand that the position is jointly funded by DTED and DPC. DTED has advised that its share of the funding arrangements is \$130,000 and I assume that the total cost of the position is somewhere around \$260,000 if it is half-funded. What involvement or working relationship exists between your department and Mr Sasanelli? Has your department funded Mr Sasanelli's appointment or activities in any way? Have you received any benefit from his work?

**The Hon. J.J. SNELLING:** We have not made any funding, so no funds have come from my department towards that. It is under the Premier's University Cities project, but we will be a beneficiary. There is no doubt that with the work I do, and particularly my strong interest in attracting international students, the work he does will be an important input. Dr Fowler gives presentations to various delegations that come through.

**Mr HAMILTON-SMITH:** So you have not had any involvement with Sasanelli?

**The Hon. J.J. SNELLING:** Yes, we have had involvement, but we do not fund it.

**Mr HAMILTON-SMITH:** I am just trying to work out what that role delivers, the benefits it delivers.

**The Hon. J.J. SNELLING:** It is an appropriate question for the Premier because it comes under his responsibilities, under the University Cities Project.

**Mr HAMILTON-SMITH:** I refer to the Royal Institution in Budget Paper 4, Volume 4, page 14.23. How much are we spending on the RI? The budget line refers to a figure of around \$8.3 million over three years on the RI and the Bragg Initiative. Can you extend on that and clarify exactly what amount is spent on the RiAus per year, and how much is to be spent over the estimates period?

**The Hon. J.J. SNELLING:** The RiAus came under the responsibility of this department from 1 July. If you look at the budget line for the 2010-11 budget year, there is zero funding to the

RI from this department. The government provided a total of \$12.7 million for the purchase and refurbishment of the Science Exchange building—approximately \$3.8 million for the purchase of the building, and \$8.47 million for the refurbishment.

A grant of \$1 million was given by the Department of the Premier and Cabinet, pursuant to a funding agreement in June 2008 to establish and maintain a capital fund, and that income is used for recurrent expenditure by the RiAus, so there is no ongoing funding from my department. The contract with DECS has not happened yet, but it is the intention in the future that the RiAus will deliver an outreach program for the education department. So there is a cost associated with that for a specific program that they will be delivering but, other than that, from the date of my responsibility for the RiAus coming under this portfolio, there is no ongoing funding. Santos provided a \$5 million one-off grant in 2008, and \$15 million was provided by the commonwealth as well.

**Mr HAMILTON-SMITH:** Are you able to say how much funding the RiAus is likely to receive from the state government in each year of the estimates period? Are you able to say that, or are you saying it will be none?

**The Hon. J.J. SNELLING:** None, zero; it will be none. It is independent. It is not an arm of government; it has an independent board. The government is the landlord—we own the building—but we do not provide any ongoing funds. In the future, we might identify projects, which we ask the RI to undertake and enter into a contract with to deliver a particular program on behalf of not just my department but other departments as well. Other than that, there is nothing in the forward estimates.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 4, page 14.8, the Premier's Science and Research Council. How many meetings of the Premier's Science and Research Council were held in 2009-10?

**The Hon. J.J. SNELLING:** Normally, there would be four, but one was missed because of the state election.

**Mr HAMILTON-SMITH:** So, three?

**The Hon. J.J. SNELLING:** Yes, and since I have been minister there have been two, and I have been able to attend one of them.

**Mr HAMILTON-SMITH:** How many of those five meetings were attended by either the Premier or the minister? You have mentioned that you have attended one of the last two.

**The Hon. J.J. SNELLING:** I will have to get that information for you and check the minutes. Certainly it is my intention to attend as many as I possibly can. The great thing about the Premier's Science and Research Council is the incredible high calibre of people who participate in it. As minister, I think it is very important that, at a very high level, the government attends. The CE of DFEEST is generally at the meetings as an observer. It is an incredibly high calibre council, and it will be my policy to attend as many of those council meetings as I possibly can.

**Mr HAMILTON-SMITH:** Has the Premier attended any of those five meetings?

**The Hon. J.J. SNELLING:** I would have to get back to you.

**Mr HAMILTON-SMITH:** What is the cost of maintaining support to the council?

**The Hon. J.J. SNELLING:** In terms of maintaining the council, it is about 1.2 FTEs (dedicated officers) providing support to the council. I will have to get back to you on what the costs are of the council. It is a reasonably negligible amount, but the important thing they do is administer the Premier's Science and Research Fund. The council administers that and makes decisions about where those funds go. They do important work.

**Mr HAMILTON-SMITH:** I refer to Budget Paper 4, Volume 1, page 14.23. There was an estimated result for 2009-10 of \$15.29 million but the budget was only \$10.25 million. It is a significantly different result to what was budgeted. There must have been a one-off payment there. Are you able to tell me why that blew out by such a significant sum—about \$5 million?

**The Hon. J.J. SNELLING:** It was as a result of an increase in grants and subsidies of \$3.6 million. It was due to additional expenditure associated with the National Collaborative Research Infrastructure Strategy; carryover from 2008-09 into 2009-10 relating to the Mawson Institute for Advanced Manufacturing; expenditure associated with the Royal Institute of Australia, which was transferred from the Department of the Premier and Cabinet; and it was partially offset

by carryovers into 2010-11 relating to the Broadband Development Fund and the Institute for Photonics and Advanced Sensing project.

**Mr HAMILTON-SMITH:** I think I can put the rest of my questions on notice. With your leave, Mr Chairman, I seek to insert the omnibus questions in *Hansard*.

Leave granted.

1. Will the minister provide a detailed breakdown of the baseline data that was provided to the Shared Services Reform Office by each department or agency reporting to the minister—including the current total cost of the provision of payroll, finance, human resources, procurement, records management and information technology services in each department or agency reporting to the minister, as well as the full-time equivalent staffing numbers involved?

2. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2009-10 for all departments and agencies reporting to the minister—listing the name of the consultant, contractor or service supplier, cost, work undertaken and method of appointment?

3. For each department or agency reporting to the minister how many surplus employees will there be at 30 June 2010, and for each surplus employee what is the title or classification of the employee and the Total Employment Cost (TEC) of the employee?

4. In financial year 2009-10 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2010-11? How much was approved by cabinet?

5. Between 30 June 2009 and 30 June 2010, will the minister list job title and total employment cost of each position (with a total estimated cost of \$100,000 or more)—

(a) which has been abolished; and

(b) which has been created?

6. For the year 2009-10, will the minister provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister—listing the name of the grant recipient, the amount of the grant and the purpose of the grant, and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

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

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

I thank the minister in particular for being prepared to answer questions from the opposition through what has been a fairly long session. It is important to us, and I thank you for that. I thank the members of the government, who have been on the committee, for their patience, and the chair of course, and all the staff who have been involved in preparing these responses because I really value their work. It has been very productive.

**The CHAIR:** I declare the examination of the proposed payments concluded.

**Mrs VLAHOS:** I move:

That the draft report be the report of the committee.

Motion carried.

At 17:10 the committee concluded.