

## **HOUSE OF ASSEMBLY**

**Thursday, 25 July 2019**

### **ESTIMATES COMMITTEE A**

**Chair:**

Mr P.A. Treloar

**Members:**

Hon. Z.L. Bettison  
Hon. A. Koutsantonis  
Ms P.M. Luethen  
Mr S.J.R. Patterson  
Mr A.S. Pederick  
Mr J.K. Szakacs

*The committee met at 09:00*

*Estimates Vote*

**DEPARTMENT FOR INNOVATION AND SKILLS, \$327,513,000**

**ADMINISTERED ITEMS FOR THE DEPARTMENT FOR INNOVATION AND SKILLS,  
\$14,472,000**

**EQUITY CONTRIBUTIONS FOR THE DEPARTMENT FOR INNOVATION AND SKILLS,  
\$4,569,000**

**Minister:**

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

**Departmental Advisers:**

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

Ms P. Chau, Executive Director, Performance and Business Operations, Department for Innovation and Skills.

Ms M. Richardson, Executive Director, Skills and Workforce Capability, Department for Innovation and Skills.

Ms N. Chandler, Executive Director, Strategy, Policy and Migration, Department for Innovation and Skills.

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

Mr M. Smith, Director, Finance and Procurement, Department for Innovation and Skills.

Mr C. Zielinski, Director, Skills Planning and Initiatives, Department for Innovation and Skills.

Mr C. Markwick, Acting Project Director, Trainees and Apprentices, Department for Innovation and Skills.

Mr M. McKay, Principal Analyst, Principal Economic Analyst, Department for Innovation and Skills.

**The CHAIR:** Good morning everyone, and welcome to the second sitting of Estimates Committee A. I can advise that the following members have requested to be discharged from the committee: the members for Heysen, Finniss, Croydon, Badcoe and Reynell. They have been replaced by the members for Hammond, Morphet, Ramsay, West Torrens and Cheltenham.

Estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask questions. Changes to the committee membership will be notified as they occur. Members should ensure that the Chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the Clerk Assistant via the answers to questions mailbox no later than Friday 5 September 2019.

I propose to allow both the minister and the lead speaker of the opposition to make opening statements of about 10 minutes each should they wish. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. 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. All questions are to be directed to the minister rather than the minister's advisers. The minister may, however, refer questions to the advisers for a response.

The portfolio we are dealing with this morning is the Department for Innovation and Skills; the minister appearing is the Minister for Innovation and Skills. I declare the proposed payments open for examination and refer members to Agency Statements, Volume 3. I call on the minister to introduce his advisers and make a statement should he wish.

**The Hon. D.G. PISONI:** Thank you, sir. To my left is Mr Mark Duffy, Chief Executive, Department for Innovation and Skills. To his left is Ms Phuong Chau, Executive Director, Performance and Business Operations, and to my right is Ms Madeline Richardson, Executive Director, Skills and Workforce Capability. I expect that we will be running through the skills portfolio, then moving to the employment portfolio and then to the small business portfolio, and I will need different advisers for each of those areas.

**The CHAIR:** Thank you. Do you wish to make any more of a statement than that?

**The Hon. D.G. PISONI:** Yes, I will, thank you. It is my pleasure to share the work that the Marshall Liberal government is doing to deliver economic growth in South Australia under the skills, employment and small business portfolio. The government has an ambitious growth agenda for South Australia, a goal of 3 per cent growth to return our level of economic growth to meet or exceed the national average. We recognise that accelerating sectors with strong global prospects in which the state has a comparative advantage will further build South Australia's prosperity.

We have identified eight sectors to target for growth. These sectors are food and agriculture, tourism, international education, mining and education, defence and space, creative industries, high-tech, and health and medical industries. The government is responding to the needs of business by removing barriers and creating a competitive business climate. The Marshall government is committed to our state's small businesses.

We know that small business is the lifeblood of our economy and key to our economic growth. There are more than 146,000 small businesses in South Australia, representing 98 per cent of all businesses. We are creating a competitive business environment so that all businesses can succeed and grow. Small businesses across South Australia receive a major boost with the Marshall Liberal government introducing legislation to exempt businesses with taxable payrolls of up to \$1.5 million from paying any payroll tax, saving those businesses \$44,500 a year.

Of course, on top of that, we have removed any restraints for smaller businesses that want to now grow their businesses by not having the penalty of payroll tax unless they reach that \$1.5 million payroll. Previously, that threshold was \$600,000. We have also provided tax relief and tax cuts to the emergency services levy, saving businesses and households \$90 million a year. That money is now circulating within the economy, delivering on key election commitments designed to help stimulate jobs growth and drive investment.

Our reforms have resulted in the highest business confidence in the nation. Backed up by the census data, South Australia recorded the highest level of small and medium business

confidence in over a decade in the March quarter and recorded the highest level of confidence in the nation. Business confidence has resulted in jobs growth. The latest ABS labour force data for June shows that 14,500 more people were employed over the last year to reach a record high of 857,600 workers.

We are using the more reliable trend figures here. There were 8½ thousand more South Australians working full-time, taking the total to 552,600 full-time workers in South Australia. Another exciting bit of information is that the latest ABS figures tell us that 2.7 million additional hours were worked in June this year compared with June the previous year, which is around \$95 million extra in wages that were paid in June 2019 compared with June 2018. To support business growth, we are growing our skilled workforce in preparation for opportunities that will flow from our growth industries.

The government is ensuring that more South Australians are skilled up and ready to step into the jobs of the future, jobs that will require increasingly specialised research, design, creativity, entrepreneurship and innovation skills. Our Skilling South Australia initiative is responding to this need. Skilling South Australia is increasing apprenticeships and traineeships leading to lasting careers and growing our skilled workforce in preparation for the wave of economic opportunity that is arriving now.

Under this initiative, we are building a stronger and more stable training sector that will give students the foundation for real careers to ensure that our training investment is directly aligned with industry needs. Many of the roles that we need in South Australia will be filled by people with vocational education training rather than a university degree. Based on modelling from the Training and Skills Commission, 42 of the predicted top 50 careers with the highest growth in South Australia in the coming years will require a VET qualification rather than a university degree.

According to the Skilling Australia report, Perceptions Are Not Reality, five years after completing their education VET graduates are 25 per cent more likely than bachelor's degree graduates to be in full-time employment. That same report states that on average in that same period, a VET-qualified employee will be earning \$2,000 a year more than a bachelor's degree employee. So it is a great time to consider vocational education to move into the workforce.

Under our Skilling South Australia program, we are increasing apprenticeship and traineeship activity, which is vital to address the historic declines. There has been a 69 per cent decline in apprenticeship and training commencement since 2002. The government is making a significant investment of \$100 million to reform South Australia's training system and create an additional 20,800 new apprentices and trainees over four years.

Additionally, we have secured extra funding from the Australian government under its Skilling Australians Fund and through its new skills package in the national partnership for vocational educational and training. Payments under national partnerships are triggered by satisfying milestones to meet performance benchmarks. I am delighted to report that South Australia secured 99 per cent of the \$20.3 million available in the 2018-19 year through the national partnership.

Additionally, more than 10,000 apprenticeship and traineeship commencements have already been achieved from 1 July last year to 30 April this year for the first reporting period under the national partnership agreement. Through Skilling South Australia, we are prioritising funding for apprenticeships and traineeships. More than 800 subsidised courses are now available on demand to create new skilled careers.

When we came to office, there were only about 350 subsidised areas and very little consultation with industry on where those subsidies should be targeted. We are also making it easier for employers to take on apprentices, including a streamlined employer registration process and a statewide business advisory service, with tailored support for employers from the first contact with the apprentice or trainee to their first day on the job.

With our colleagues from the Department for Education, we are building flexible apprenticeships so that high school students can complete the first year of their apprenticeship full time while also achieving their SACE. We have also introduced Equipped for Work, an initiative that provides employers or apprentices with up to \$1,000 for goods or services required to commence the apprenticeship or traineeship.

We have more than doubled travel and accommodation allowances for our regional students, in particular, to assist students with the cost of travelling, making it easier for regional businesses to take on an apprentice or a trainee. We are partnering with businesses and industry to co-design innovative Skilling South Australia partnerships that will drive apprenticeship and traineeship growth and help meet industry's skills needs.

There are now more than 70 state government-funded Skilling South Australia projects underway, worth more than \$14 million. The government understands that government training investment must lead to real jobs and must be led by industry needs. That is why we are ensuring that our training system is strongly focused on the voice of industry. We have established eight industry skills councils, with each chair sitting on the revitalised Training and Skills Commission so that we can match training dollars with industry needs. We are getting information directly from industry through their industry skills councils and then into the Training and Skills Commission.

We are undertaking a review of the Training and Skills Development Act, which is an important component of broader training reform being implemented, including through the Skilling South Australia program. We are living in a time of unprecedented opportunity, and it has never been more important to ensure that South Australia is prepared to seize these opportunities. The government is working hard to create a better future for South Australia, and our skills and employment programs are creating more jobs, stronger local businesses and, ultimately, greater economic prosperity for everybody.

**The CHAIR:** Thank you, minister. As there is no opening statement, I invite questions from any member. Member for Cheltenham.

**Mr SZAKACS:** Good morning, minister. For how long have you known Nick Handley? I take your attention to Budget Paper 4, Volume 3, page 112, which discusses the highlights this year and refers to amending the Construction Industry Training Fund Act 1993.

**The CHAIR:** Member for Cheltenham, I ask you to pull your microphone closer so that we and Hansard can hear. Could you repeat your question, please?

**Mr SZAKACS:** Sure. My question to the minister is in relation to Budget Paper 4, Volume 3, page 112. My question is: when did the minister first meet Nick Handley, or roughly for how long has the minister known Nick Handley?

**The Hon. D.G. PISONI:** I am not sure that is a ministerial responsibility, but I will attempt to answer that. I cannot put a date on when I first met Mr Handley, but he and the Handley family have been living in Unley for several generations. As a member of parliament, you do get around to your community. Mr Handley is involved in the local community. He is involved in the business community. I suspect that I would have met him sometime over the last two or three years maybe through my association with businesses and as the member for Unley.

**Mr SZAKACS:** Did you approach Nick Handley to discuss the prospect of him being appointed to the CITB, or did he approach you to discuss his own prospects of being appointed to the CITB?

**The Hon. D.G. PISONI:** I think that the appointment that Mr Handley has on the CITB was a ministerial appointment as per the act. Under that process, the minister is able to approach members of the community he feels are qualified for that position. Consequently, I made an approach to Mr Handley, knowing his relationship with governance and the work he had done previously working for RTOs through their audit process for ASQA.

**Mr SZAKACS:** We will come to some of your comments around his qualifications, which I think is an interesting point and worthy of inquiry and some interrogation in this estimates. Can you tell me whether you or your staff had any other similar conversations, like you just let us know you had with Mr Handley, with other candidates about appointing them to the CITB?

**The Hon. D.G. PISONI:** I cannot recall whether other candidates were discussed for that position. If you are talking about the appointment prior to the amended act, I spoke with Mr Handley. I do not recall speaking with anybody else about that process. If you are talking about the appointments that were made after the new act was in place, then there was a process where people applied through an expression of interest process.

**Mr SZAKACS:** No, I think our interest today is in respect of the old act or the now repealed act. I think that is the one where there is clearly a gap between the understanding from a ministerial perspective about the qualifications, what this committee would like to understand and where those marry up. Can I ask you now about the CV of Mr Handley. Did you advise your department not to release Mr Handley's CV, which was requested as per an FOI from the Hon. Clare Scriven?

**The Hon. D.G. PISONI:** I am not involved in the FOI process.

**Mr SZAKACS:** Is there an FOI officer?

**The Hon. D.G. PISONI:** There is an FOI officer in my office.

**Mr SZAKACS:** Are you an FOI officer?

**The Hon. D.G. PISONI:** I am the FOI officer.

**Mr SZAKACS:** You are?

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

**Mr SZAKACS:** Did you play any role in the determination to release or not to release Mr Handley's CV?

**The Hon. D.G. PISONI:** The advice that I was given was that the CV was a cabinet document. It was on that basis that it was decided that the CV would not be released. I think it is fair to say that there were matters on that CV that required redaction. When the Ombudsman decided that the CV could be released, he did say that it would be released with redaction. I think, on that basis, it does justify my caution in releasing that at the time.

**Mr SZAKACS:** Minister, if your caution was in respect of the assertion or the proposition that you have just made, that the CV was part of a cabinet document, I think even you will find that the Ombudsman, in his determination, found that that was not the case. Let's try to find out a bit more detail around that. Was Mr Handley's CV specifically prepared for the purpose of a cabinet document?

**The Hon. D.G. PISONI:** I believe that it was, yes.

**Mr SZAKACS:** So the determination of the Ombudsman is wrong?

**The Hon. D.G. PISONI:** I believe that it was. The Ombudsman had a different view.

**Mr SZAKACS:** So when you met with Mr Handley, did you ask him for his CV to be sent through to you?

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

**Mr SZAKACS:** Did you inform him at that time that the CV would be prepared specifically for the purposes of a standalone and specific cabinet document?

**The Hon. D.G. PISONI:** Yes, Mr Handley was aware that a CV was required for the cabinet process.

**Mr SZAKACS:** Was he told by you that the CV would be prepared specifically for a cabinet document?

**The Hon. D.G. PISONI:** I refer to my previous answer. As I said to you, he was aware that the CV would be required for the cabinet process.

**Mr SZAKACS:** I think I just need to take a bit more time on this one because there is a very clear gap here between the Ombudsman's determination and your assertions. What would you suspect that then, in the balance of assessing the information at hand, would have given the Ombudsman cause to find that this was not prepared for the purposes of a specific cabinet document?

**The Hon. D.G. PISONI:** I cannot speak for the Ombudsman. I can only speak for my actions, and my actions were that the CV was prepared for cabinet. It was on that basis that I made the determination that it could not be released, on advice that I had received from my office. Obviously,

Clare Scriven took that to the Ombudsman. The Ombudsman then had a different view and, of course, I respect the view of the Ombudsman.

I think it is important to note here that there is a different regime in place under this government than the previous government. If the previous government was still in office, you could not be asking these questions, because the FOI would have been ignored or the decision of the Ombudsman would have been challenged. We saw that recently with the former head of DPTI with the use of his credit cards for wining and dining Labor ministers, so I think that we need to put this in perspective.

There has been no attempt to frustrate the process here. The act is very clear. My interpretation of the significance of that document was challenged by Clare Scriven. She had a process that we cooperated with and the Ombudsman has a different view.

**Mr SZAKACS:** Minister, when did you first meet with Nick Handley to ask him to consider a position, a nomination or an appointment to the CITB?

**The Hon. D.G. PISONI:** I cannot give you a date.

**Mr SZAKACS:** A month would be fine.

**The Hon. D.G. PISONI:** I cannot give you a month either.

**Mr SZAKACS:** A quarter would be okay.

**The Hon. D.G. PISONI:** I was notified that there was a ministerial appointment vacancy on the board. Kylie Heneker, who was appointed by the previous Labor government and who has, on my understanding, never worked in vocational education, was an adviser to the minister for further education and training. My understanding of the act is that that qualified her for that position in the same way that Mr Handley's involvement in the auditing of RTOs for—

**Mr SZAKACS:** This is all really useful background, minister.

**The Hon. D.G. PISONI:** I am not done answering your question. I am answering your question.

**Mr SZAKACS:** I am sure we will get to this, but my question was: when did you meet with Nick Handley?

**The Hon. D.G. PISONI:** I am answering the question.

**Mr SZAKACS:** If you cannot recall, that is fine.

**The CHAIR:** Member for Cheltenham, the minister is answering your question.

**Mr SZAKACS:** He is answering a question.

**Mr PEDERICK:** Chuck him out.

**Mr SZAKACS:** You can't.

**The CHAIR:** No, but it is my job to maintain civility.

**Mr SZAKACS:** You ran out of time.

**The CHAIR:** Member for Cheltenham, I understand—

**Mr PEDERICK:** I can name you.

**Mr SZAKACS:** Go on; you are going to name me, are you?

**The CHAIR:** Order, member for Hammond! No interjections across the chamber, please. Member for Cheltenham, you are called to order. Minister, I might get you to sit forward a little bit when you are answering, for my purposes and that of Hansard.

*Mr Pederick interjecting:*

**Mr SZAKACS:** You want his job, don't you?

**The CHAIR:** Member for Cheltenham, you will cease interjecting. The minister has the call; he is responding to a question.

**The Hon. D.G. PISONI:** Thank you, sir. As I was saying, I approached Mr Handley, I would suggest, sometime after I received notification that there was a vacancy on that board. I had received some advice about the interpretation of the section of the act that related to the ministerial appointee for that position. Based on that, that is when I approached Mr Handley.

Kylie Heneker was appointed to that board with exactly the same interpretation of the act. Kylie Heneker, as far as I understand, had never played any role in delivering in the classroom or delivering vocational education through a management role. She certainly had a role of being adviser to the minister for vocational education. On that basis, the role Mr Handley played as an auditor and adviser for an RTO that was delivering vocational education qualified Mr Handley in the same way as it qualified Kylie Heneker.

**Mr SZAKACS:** So—

**The CHAIR:** I will come back to the member for Cheltenham. The member for King has question.

**Ms LUETHEN:** I was just wondering, Chair, if we could clarify the budget reference for this line of questioning?

**The CHAIR:** Yes.

**Mr SZAKACS:** It is Budget Paper 4, Volume 3, page 112.

**The CHAIR:** Relating to which dot point in particular, member for Cheltenham?

**The Hon. A. KOUTSANTONIS:** The same dot point about the emergency services levy and payroll tax, sir.

**The CHAIR:** Thank you for that contribution, member for West Torrens. You do not have the call.

**Mr SZAKACS:** Highlights 2018-19, the final dot point within those highlights.

**The CHAIR:** Excellent, thank you. You have that, member for King?

**Mr SZAKACS:** You are very welcome, Chair, and I am glad that we could assist the member for King in understanding what is going on today.

**The CHAIR:** Member for Cheltenham, there is no need for sarcasm, honestly.

*Members interjecting:*

**The CHAIR:** Or laughter. I know this is a relatively informal proceeding, but it is important that we remain civil and have a civil discourse. You have the call; ask a question.

**Mr SZAKACS:** But, sir, a cursory reading of the page reference that I gave would have availed the member for King of the information she just sought.

**The CHAIR:** Regardless of that, she asked the question and you were polite enough to reference her, so thank you for that. You have the call.

**Mr SZAKACS:** Thank you. Minister, after you became aware of the vacancy on the CITB, you mentioned that you availed yourself of the requirements of appointment and thereafter you met with Mr Handley to discuss his appointment, or his interest or otherwise. Was it after that meeting that you requested the CV of Mr Handley?

**The Hon. D.G. PISONI:** I do not recall. I do not think I could have asked him for the CV before I discussed it with him.

**Mr SZAKACS:** So you did not ask him for his CV until after you offered him the position?

**The Hon. D.G. PISONI:** As I had discussed earlier, I had known Mr Handley for three or four years, and we had many discussions about his role as an accountant, his clients and what he

was doing. I was well aware of the work he had done with RTOs in the auditing of their processes for ASQA.

**Mr SZAKACS:** You informed this committee that the CV was attached to or prepared for a specific cabinet document, and of course the appointment to the CITB is a ministerial appointee approved by cabinet, but you offered the role to Mr Handley before the CV was received, before the document was prepared and before cabinet approved it?

**The Hon. D.G. PISONI:** No, I did not say that at all.

**The Hon. A. KOUTSANTONIS:** Yes, you did.

**The Hon. D.G. PISONI:** No, I did not. The process is quite simple. You cannot take a cabinet submission to cabinet without asking the person whether they are interested in being put forward, so the conversation with Mr Handley—

**Mr SZAKACS:** But you can offer someone a role on the board before taking it to cabinet.

**The Hon. D.G. PISONI:** The conversation with Mr Handley was more about whether he would be interested in the role if he were put forward. I probably should have clarified that earlier. There is a process that cabinet goes through as to whether someone can be offered a role. Consequently, I used that process to start the process of replacing the ministerial vacancy that would occur at that time.

**Mr SZAKACS:** Minister, did you make the decision as the FOI officer not to release Mr Handley's CV?

**The Hon. D.G. PISONI:** I answered that earlier.

**Mr SZAKACS:** That was a—

**The Hon. D.G. PISONI:** I answered it earlier.

**Mr SZAKACS:** No, you did not.

**The Hon. D.G. PISONI:** Yes, I did. I am the FOI officer—

**Mr SZAKACS:** You kindly informed us that you were the—

**The Hon. D.G. PISONI:** —and I answered that earlier. Go back to *Hansard* and have a look.

**Mr SZAKACS:** My question, for the purposes of *Hansard* and review today, was not whether you were an FOI officer; you did kindly inform us that you were. My question to you is: as the FOI officer, did you refuse to release Mr Handley's CV?

**The Hon. D.G. PISONI:** As the FOI officer, it comes back to me for any review of the initial decision on the documents. It was at that time, as the FOI officer, that I took advice on whether the document was a cabinet document or not. The advice I received was that it was a cabinet document. Consequently, it was at that time—I am just working from memory here—that it was then decided that, because it was a cabinet document, I would not release it.

**Mr SZAKACS:** Minister, from whom did you receive the advice that it was a cabinet document?

**The Hon. D.G. PISONI:** From my office.

**Mr SZAKACS:** From your—

**The Hon. D.G. PISONI:** From my office.

**Mr SZAKACS:** Who in your office?

**The Hon. D.G. PISONI:** From my office.

**Mr SZAKACS:** Your office is a—

**The Hon. D.G. PISONI:** It was a collective—

**Mr SZAKACS:** A collective decision.



**The Hon. D.G. PISONI:** It was collective advice from the office based on past experience.

**Mr SZAKACS:** Being a collective decision from your office, was that advice given to you around the dining room table? Was it given to you in your vehicle on the way to an event? Was it provided in writing, co-signed by your office? How was it delivered and provided to you?

**The Hon. D.G. PISONI:** I believe it was an oral discussion.

**Mr SZAKACS:** Minister, now that the Ombudsman has determined that the CV should be released, can you advise when it will be released?

**The Hon. D.G. PISONI:** I have advised that it will be released, and there is a time line set out by the Ombudsman. It has to be done within 30 days.

**Mr SZAKACS:** So the best advice you can give today is that it will be released within 30 days.

**The Hon. D.G. PISONI:** Within the act.

**Mr SZAKACS:** Yes. Minister, do you support the submissions made by Mr Handley to the review by the Ombudsman that the release of Mr Handley's CV under FOI was unnecessary, as the information sought, including his qualifications, was already publicly available and could be accessed by means such as his LinkedIn profile?

**The Hon. D.G. PISONI:** I do not speak for Mr Handley, I am sorry.

**Mr SZAKACS:** I am not asking you to speak for him. I am asking: do you support those submissions that his qualifications are so publicly available, such as his LinkedIn profile—

**The Hon. D.G. PISONI:** I have not seen Mr Handley's submission to the Ombudsman.

**Mr SZAKACS:** But you have given evidence today and you have made public statements that you thought the release of Mr Handley's CV was unnecessary. You have made statements both publicly and today on and surrounding Mr Handley's work experience and qualifications, and you have provided a bit of evidence about how you have availed yourself of that understanding. I would like to understand from you, outside of this CV that you assert was prepared for cabinet, how best to ascertain the appropriate qualifications of Mr Handley.

**The Hon. D.G. PISONI:** I am not quite sure I understand the premise of the question.

**Mr SZAKACS:** Minister, let me make it a bit easier for you. You walked into a meeting with Mr Handley and offered him a role on the CITB before seeing his CV. I would like to understand how you furnished yourself with that information and how best we can do that.

**The Hon. D.G. PISONI:** I clarified that earlier, that I did not offer him the role. I asked whether he would be interested in the role. There seems to be a difference between the two. That starts the process. Having an idea of whether somebody would be interested in taking on such a role starts the process to see whether the person, first of all, is qualified for the role and, secondly, is acceptable to cabinet.

**Mr SZAKACS:** Minister, do you stand by your original statement that Mr Handley is adequately qualified to sit on the board per his appointment under the now repealed act?

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

**Mr SZAKACS:** Mr Handley in his submissions to the Ombudsman referred to his LinkedIn profile. I would like to walk through with you his stated publicly available experience and employment experience. I would like you to answer to the best that you can how that experience qualifies Mr Handley per the statutory requirement under the now repealed act. Can I take you to Mr Handley's current employment and work experience, as stated on his LinkedIn profile, as an accountant and as a business consultant. Could you please explain to the best of your understanding and to your satisfaction how that meets the statutory requirements per his appointment under the now repealed act?

**The Hon. D.G. PISONI:** I have not seen Mr Handley's LinkedIn profile and I am not even sure that it is up to date.

**Mr SZAKACS:** No, but you have seen his CV. You walked into a meeting—

**The Hon. D.G. PISONI:** I have explained to you—

**Mr SZAKACS:** —with him and offered him a role, so I think it is fair to assume—

**The Hon. D.G. PISONI:** Mr Chair, I am in the middle of answering the question.

**The CHAIR:** Sorry, I did not hear that, minister. Could you repeat it?

**The Hon. D.G. PISONI:** I am in the middle of answering the question.

**The CHAIR:** You are in the middle of answering the question and you have the call. I went through this a number of times yesterday: all members of the committee have the opportunity to ask a question. When they do so, the minister answers in whatever way he sees fit, and we will listen to that answer without interjection. Minister.

**The Hon. D.G. PISONI:** Thank you, sir. As I said earlier, I was aware of Mr Handley's involvement with RTOs. I have not seen the LinkedIn CV that is online, nor am I sure whether that is up to date or has been amended to reflect more of what Mr Handley has to offer.

**Mr SZAKACS:** I think it is entirely reasonable for us in here today to assume that it is up to date, seeing as the published determination of the Ombudsman quotes directly from the submission from Mr Handley, which refers to his LinkedIn profile as publicly available data with respect to his qualifications.

**The Hon. D.G. PISONI:** I do not make comment on assumptions, I am sorry.

**Mr SZAKACS:** Have you read the Ombudsman's determination?

**The Hon. D.G. PISONI:** No. I have been briefed, but I have not read it.

**Mr SZAKACS:** Was this brief by your office?

**The Hon. D.G. PISONI:** Yes, of course.

**Mr SZAKACS:** So it was a collective briefing?

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

**Mr SZAKACS:** Orally, written?

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

**Mr SZAKACS:** Do you generally not avail yourself of and read determinations by the key statutory officer who has overturned a decision confirmed by you as the FOI officer? Would it not be prudent for your future approaches to these or like matters to avail yourself of the interpretation of the advice you have received from a key statutory officer?

**The Hon. D.G. PISONI:** I was well aware of the advice.

**Mr SZAKACS:** You were well aware of which advice?

**The Hon. D.G. PISONI:** I was well aware of the Ombudsman's determination—

**Mr SZAKACS:** Thanks for clarifying that.

**The Hon. D.G. PISONI:** —through the advice that I had received in my briefings on the matter, my discussions on the matter with my staff.

**Mr SZAKACS:** Minister, did you receive any briefing, any advice—written or oral—whether it be from your office as a collective or anyone else in your department to not proceed or to not appoint Mr Handley?

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

**Mr SZAKACS:** Minister, you referred a couple of times to Mr Handley's experience or work with an RTO. Would you, for the benefit of this committee, explain who that RTO is, what the nature of Mr Handley's work was and precisely what about the nature of that work satisfied you about the requirements of the now repealed act in respect of his appointment?

**The Hon. D.G. PISONI:** It is obviously important that I deliver this information accurately, so I will bring that back to the parliament.

**Mr SZAKACS:** So, the RTO that you have been referring to, you are not able to tell us—

**The Hon. D.G. PISONI:** You are wanting a lot more detail than I am confident I will be able to deliver off the back of the question.

**Mr SZAKACS:** I appreciate that you will bring back that information to estimates. The one thing that I am asking today is whether you or any of your advisers here today are able to assist with what the name of the RTO was that Mr Handley was—to paraphrase—involved with.

**The Hon. D.G. PISONI:** As I said in my earlier answer, I shall bring that back to the committee.

**Mr SZAKACS:** Are you able to inform the committee today what role Mr Handley had with that RTO?

**The Hon. D.G. PISONI:** Yes, he audited the RTO for its compliance with ASQA.

**Mr SZAKACS:** So he was an auditor?

**The Hon. D.G. PISONI:** His role in the engagement of the delivery of vocational education was as an auditor with an RTO for the purposes of ASQA. We know how important that is because, of course, under the previous government TAFE failed 16 audits of ASQA on its processes. You simply cannot operate an RTO unless you have approval from ASQA and you pass the audit. The audit process is a very complicated process. It is vital for the delivery of vocational education.

If you do not pass an audit, you cannot deliver vocational education. It is a key role, and it is one that many RTOs have had to take much more seriously since the crackdown over recent years with the delivery of RTO. We saw in the case of TAFE what happens if you do not take that situation seriously. I think in that situation there were 16 randomly chosen courses and all 16 of them failed the ASQA audit. They were no longer able to be delivered. It is essential that RTOs do in fact meet their audit requirements.

**Mr SZAKACS:** Was Mr Handley employed by the RTO, or was he a contractor? Was he a consultant? How was he engaged by the RTO to deliver his auditing?

**The Hon. D.G. PISONI:** I will bring that back to the house.

**Mr SZAKACS:** Minister, who advised you to amend the Construction Industry Training Fund Act to remove specific requirements as to qualifications?

**The Hon. D.G. PISONI:** It is a conga line of industry, I would have to say. It has been a bugbear of the industry for many, many years, especially, I think, since—

**Mr SZAKACS:** So they were deeply offended by having qualified people on the board?

**The Hon. D.G. PISONI:** Mr Chair, I am still answering the question.

**The CHAIR:** Yes, continue, minister. I would ask the member for Cheltenham to cease his interjections. The minister is answering all your questions, and he is continuing to do so. The minister has the call.

**The Hon. D.G. PISONI:** It is pretty obvious that one of the issues the industry had was that it was difficult for the board to reflect the requirements of the industry and the needs for industry with how prescriptive the process for appointing members of the board was. Consequently, it was decided that there should be some amendments to the board and the way it was constructed, a modernising of the board. I think a report back in the early 2000s advised that the veto arrangements in place on the board should be removed; that was never acted on. If that had been acted on, it probably would have delivered some better outcomes, particularly in the way it managed money.

There were concerns about the value industry was getting from the levy paid—I think about \$19 million a year or somewhere around that sort of figure. We have large skills shortages, and skills shortages have been recognised nationwide, not just in South Australia. The updated national skills

list that was released for the federal budget identified that of the 10 skills most in need in South Australia six are in the building industry. It is a nationally recognised problem.

I have been speaking with representatives of the industry, as a member of parliament and as the shadow minister in skills and training for the about six years I was in that role, and when we came into government there was an opportunity to approach the industry and ask them whether they would like me to try to address this issue. The Independent members of the upper house would, I think, agree that there was a lot of enthusiasm for the changes, and that is why they agreed to support the changes as well, because of the input and briefings industry gave them about why changes needed to be put in place.

**Mr SZAKACS:** Minister, did your department advise you against amending the act?

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

**Mr SZAKACS:** Did anybody in your department by any means advise you against amending the act?

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

**Mr SZAKACS:** You have subjected yourself to a fair bit of public scrutiny over this. Was there not an easier way to get your mate Nick Handley on a board?

**The Hon. D.G. PISONI:** I do not accept the premise of that question.

**The CHAIR:** That is probably an out of order question, member for Cheltenham. I will give you the opportunity to rephrase it.

**Mr SZAKACS:** Minister, you have subjected yourself to a lot of scrutiny around this. Was there not an easier way to appoint Nick Handley to a board?

**The Hon. D.G. PISONI:** Mr Handley was appointed to the board as per the legislation—

**Mr SZAKACS:** I think that is open to debate.

**The Hon. D.G. PISONI:** I am not finished. I think the issue—

**Mr SZAKACS:** You changed the act so that it could be satisfied.

**The CHAIR:** The member for Cheltenham will cease interjecting. You have asked your question. The minister has the call.

**The Hon. D.G. PISONI:** The scrutiny was only from the Labor Party because of the—

**Mr SZAKACS:** Because of his abject failure to meet the requirements of the act.

**The Hon. D.G. PISONI:** —self-interest in the structure of the board. There has been overwhelming support in the industry for these changes. I congratulate the Labor Party on the fight it put up to try to stop these changes to the board, but fortunately common sense won out. The industry won this one and got improvements to the board.

I was at the first board meeting, the induction day they had, and the feedback I had from Marie Paterson, the CEO, the chair of the board and other board members was that it was a very good board indeed. They are looking forward to implementing some changes that will deliver more apprentices and trainees and more opportunities for young people to get into the building industry as well as promoting the building industry as a worthwhile career prospect for young South Australians.

**Mr SZAKACS:** Minister, is Nick Handley still the chair of the Unley forum that is dedicated to fundraising for you as the Liberal candidate and your re-election as the member for Unley?

**The Hon. D.G. PISONI:** It is not a responsibility I have as the minister, but I am happy to advise the member that Mr Handley is not in that role.

**Mr SZAKACS:** That is a tough one. What are you going to do? You will have to appoint the new chair to another board.

**The CHAIR:** The member for West Torrens has a question.

**The Hon. A. KOUTSANTONIS:** Minister, my questions reference Budget Paper 4, Volume 3, page 112, where it states: 'Established eight Industry Skills Councils involving over 90 industry leaders.' Could you please inform the committee what process you went through to appoint those councils?

**The Hon. D.G. PISONI:** It started off with a series of round tables. The department was very heavily involved in the establishment of the round tables. My brief to the department was that I wanted to see more industry involvement in decisions that government makes about funding of skills. We did have an election commitment to reintroduce industry skills councils. They were there prior to the previous government cutting their funding.

Of course, a series of events happened at about that time. I think it was in about 2012 or 2013 when we also saw the Gillard government cut funding for apprenticeships and traineeships. We also saw the introduction of the adult apprenticeship category at that time, and then we started to see a nationwide decline in the number of apprenticeships and traineeships, but that decline was even worse here in South Australia.

I think in my opening statement I said that from 2012 to 2018 there was a drop of about 69 per cent in apprenticeships and traineeships. We could not keep doing things in the same way. It was a fairly complex process, I think it is fair to say. It was about pulling similar groups together that might have similar skill sets, that might have an interest in similar areas of training and getting their views about how the government could be more responsive to what industry needs for training but also finding out where there are similar skills in different industries.

After that series of round tables, which I think was a three-month process, with the support of industry we were able to set up eight different industry skills councils: the Agribusiness Industry Skills Council; the Construction, Mining and Energy Industry Skills Council; the Creative Industries, Business and Digital Platforms Industry Skills Council; Defence, Aerospace, IT and Cybersecurity Industry Skills Council; Education and Service Sector Industry Skills Council; Food, Wine, Tourism and Hospitality Industry Skills Council; Health, Disability, Aged Care and Community Services Industry Skills Council; and Transport and Manufacturing Industry Skills Council. They were the outcome.

The chairs of those skills councils sit on the Training and Skills Commission. Those skills councils meet about four times a year, I think it is. The Training and Skills Commission meets I think on a monthly basis, and they have subcommittees as well as their responsibilities of managing those industry skills councils. I understand that there was an expression of interest process for people who wanted to apply for those. There were 176 nominations from industry received after the expression—

**The Hon. A. KOUTSANTONIS:** How many, minister?

**The Hon. D.G. PISONI:** There were 176 nominations from the expression of interest process, and then I was presented with a short list from the department, which I approved for those industry skills councils.

**The Hon. A. KOUTSANTONIS:** Did you play any role in selecting any of the candidates?

**The Hon. D.G. PISONI:** No, I did not.

**The Hon. A. KOUTSANTONIS:** You did not annotate any approval?

**The Hon. D.G. PISONI:** I was very satisfied with the process that the department had gone through and with the outcome that they had delivered. I feel a bit sorry for my brother, actually, because he applied, but for some reason the department did not put him forward, as a member of the CEPU.

**The Hon. A. KOUTSANTONIS:** It is interesting that the minister just told the house he played no role in appointing any of the skills councils, yet the opposition has received a document that has been annotated by the minister personally. It is a document titled 'Industry and Skills Council membership nominations'. The minister has given a recommendation to consider and approve the membership selection to the eight industry skills councils. The minister annotates it and says, 'Approved, on the condition that the following members are appointed: Dr Elise Sullivan, John-Paul

Drake, Laura Pivovarov, Natalie Ward, Mark Johns,' and I think Rilka Warbanoff. It is signed 'David Pisoni'. I would like to know why you just told the house that you played no role?

**The Hon. D.G. PISONI:** Of course I signed a brief.

**The Hon. A. KOUTSANTONIS:** No, you said to me and you told this parliament that you played absolutely no role in the appointment of anyone to the skills boards, yet the opposition has a briefing seeking your approval to appoint these people, and you said, 'Approved, providing the following people are also appointed.' The two statements are incorrect. Which one is correct? Did you play a role or did you not?

**The Hon. D.G. PISONI:** I approved the—

**The Hon. A. KOUTSANTONIS:** I asked you if you played a role in appointing people. You said no—

**The Hon. D.G. PISONI:** I am answering the question.

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

**The Hon. A. KOUTSANTONIS:** No, this committee may have been misled. Just hang on a second.

**The CHAIR:** No, member for West Torrens, don't you point or yell at me.

**The Hon. A. KOUTSANTONIS:** Which one is it?

**The CHAIR:** Member for West Torrens, you have asked your question and the minister was about to begin his answer. Minister.

**The Hon. D.G. PISONI:** Thank you, sir. There was a list of nominations, and I approved that list of nominations.

**The Hon. A. KOUTSANTONIS:** *Hansard* will show that I asked you very clearly: 'Did you play any role in the selection of these candidates?' and you said no. The opposition has a document with your signature on it, with your handwriting, saying, 'Approved, on the condition that the following members are appointed.'

**The Hon. D.G. PISONI:** Can I ask that that document be tabled, sir?

**The Hon. A. KOUTSANTONIS:** No, you cannot.

**The Hon. D.G. PISONI:** I did not ask you. Can I ask that that document be tabled?

**The Hon. A. KOUTSANTONIS:** No, he cannot.

**The Hon. D.G. PISONI:** The member is referring to a document.

**The Hon. A. KOUTSANTONIS:** No, he cannot, and you know you cannot.

**The CHAIR:** As I indicated in my opening remarks, minister, there is no formal opportunity to table documents in committee.

**The Hon. A. KOUTSANTONIS:** Why did you tell this committee that you played no role, while we have a document with your handwriting on it, saying, 'Approved, as long as you appoint these following people'?

**The Hon. D.G. PISONI:** Sir, I am not sure that I am prepared to take the word of the member for West Torrens.

**The Hon. A. KOUTSANTONIS:** So you are standing by your statement?

**The Hon. D.G. PISONI:** My role in—

**The Hon. A. KOUTSANTONIS:** Do you know, people have resigned for less.

**The Hon. D.G. PISONI:** My role in the appointments to the industry skills councils was to sign the briefing. That is my recollection of my role in that purpose. I am not aware of the document that the member refers to.

**The Hon. A. KOUTSANTONIS:** How did you choose Natalie Ward?

**The Hon. D.G. PISONI:** I do not know who Natalie Ward is, sorry.

**The Hon. A. KOUTSANTONIS:** You do not know who Natalie Ward is?

**The Hon. D.G. PISONI:** I do not remember all the details of the briefing. The department played a very big role in putting these members together. They were put before me for approval. I was satisfied with the advice given to me by the department.

**The Hon. A. KOUTSANTONIS:** So the committee is being told that you did not choose anyone and you do not know who Natalie Ward is. You played no role in the selection of the membership of the eight industry skills councils, yet the opposition has a document with your handwriting, saying, 'Approved, on the condition that the following members are appointed.' Now you claim that the people who are annotated on this ministerial membership nominations 'decision action required by the minister'—you do not know anything about it and you are standing by your statement to the parliament that you played no role.

**The Hon. D.G. PISONI:** I played a role as the minister approving the recommendations, the nominations.

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

**The Hon. D.G. PISONI:** I am simply not prepared to accept the document claims by the member for West Torrens, particularly when he is not prepared to table that document.

**The Hon. A. KOUTSANTONIS:** Mr Chair, the document I have, the opposition has, is annotated by the minister even further. It goes on to say other comments, again in the minister's handwriting, 'with additions as listed'. The minister is telling the parliament that he played no role in the selection of the membership to the eight industry skills councils, yet the opposition has a document, which we believe to be accurate, that shows that the minister received an approved list of recommended people by this agency. There were key points made in the briefings given to the minister. He annotated the ministerial note and added a list of names. Are you saying that this document is not real?

**The Hon. D.G. PISONI:** I am certainly not aware or I do not recall that process.

**The Hon. A. KOUTSANTONIS:** Let's go through this very carefully then. You did not personally recommend Natalie Ward to sit on an industry skills board?

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

**The Hon. A. KOUTSANTONIS:** Did you personally recommend that John-Paul Drake sit on one of the eight industry skills councils?

**The Hon. D.G. PISONI:** I was aware of John-Paul Drake being interested in the process. Of course, let's put this in perspective: this is a volunteer board or council. Nobody is paid for being on this council. I know that is the motivation for trade union members and Labor Party members for going on boards. But, in this instance, this is a totally volunteer board and it is great that so many people put their hands forward to be involved. There is no cap on these industry skills councils. As many people as possible who want to go on those skills councils can go on those skills councils, providing there is agreement with the chair who needs to manage those skills councils.

**The Hon. A. KOUTSANTONIS:** You do not know Dr Elise Sullivan?

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

**The Hon. A. KOUTSANTONIS:** You do not know Laura Pivovarovff?

**The Hon. D.G. PISONI:** Laura Pivovarovff I think was Apprentice of the Year 2017. I met her at the training skills awards, I think, or may have been introduced to her earlier. She was also an interim member of the Training and Skills Commission during the transition. One of the things I am very conscious of is ensuring that we make every attempt to have gender balance on our boards.

**The Hon. A. KOUTSANTONIS:** Yes, and apparently the briefing you received shows that there is a 40:60 balance, which is almost perfect—almost. This is the part I do not understand,

minister. It is a voluntary board. They are voluntary councils. We are asking South Australians to give up their time to help grow the state, to be on these skills councils. Why would you insist on those people being on this board, on these skills councils, but tell the committee you played no role? I do not understand what the issue is.

**The Hon. D.G. PISONI:** Well, I just do not accept the premise of your question, I am sorry.

**The Hon. A. KOUTSANTONIS:** So you are telling the parliament that you did not insist that at least some of them be appointed to an industry skills council?

**The Hon. D.G. PISONI:** I certainly do not recall insisting that any member be on that board. I was very happy with the recommendations that came from the department.

**The Hon. A. KOUTSANTONIS:** If I can raise some other matters with you, minister, are you familiar with the term 'training with similar characteristics to an apprenticeship or traineeship'? Can you explain what that means?

**The CHAIR:** Member for West Torrens, I am sorry to be tedious about this, but could you refer that question to a budget line, please?

**The Hon. A. KOUTSANTONIS:** Yes, I am sure I can, sir.

**The CHAIR:** I am sure you can.

**The Hon. A. KOUTSANTONIS:** How about—

**The CHAIR:** No, not how about—

**The Hon. A. KOUTSANTONIS:** I refer to Budget Paper 4, Volume 3, Program 2: Skills, page 112. How is that?

**The CHAIR:** Dot point?

**The Hon. A. KOUTSANTONIS:** Okay, how about we go for 'Description/objective' and 'assisting employers to take on apprentices and trainees' or 'regulating the apprenticeship and trainee system to ensure compliance'.

**The CHAIR:** Excellent, dot points; thank you for that. It is dot points 2 and 3. Member for West Torrens.

**The Hon. A. KOUTSANTONIS:** I have asked a question.

**The CHAIR:** Sorry, could you repeat it for my benefit?

**The Hon. A. KOUTSANTONIS:** Yes, of course. Minister, are you familiar with the term 'training with similar characteristics to an apprenticeship or traineeship', and can you explain what is meant by that term?

**The Hon. D.G. PISONI:** The national partnership with the federal government makes provisions for training that is like an apprenticeship or a traineeship. It is a small part of the benchmark that enables funding to be released from the federal government. Basically, it is a model that is used when it is not always practical for an apprenticeship. There are situations where you have short-term job opportunities or you are preparing a student for an apprenticeship, a pre-vocational course or a traineeship course. They are more sophisticated than pre-vocational because they actually have a skills component.

There are some packages that were put together for industries, in particular, that have not used apprenticeships or trainees before that are keen to have access to them. For some, we have been able to design new apprentices and trainees, for example, our Cert IV in Cyber Security, which is a three-year traineeship that comes with a contract of training.

Another one that we have introduced for the first time is individual support, another traineeship that has a paid traineeship component. Before the introduction of that, which is out on a pilot at the moment, the only option for anybody wanting to move into that sector was to learn in their own time, either in a classroom or online, and then work in a placement without pay for four, six or eight weeks to get their practical experience before they would be qualified.



The industry has found it difficult to recruit strong interest in that area and of course individual support. I think we are something like 6,000 positions short in order to roll out the NDIS effectively here in South Australia, so being able to offer a paid traineeship in that space through industry is really a breakthrough in that area.

The answer to your question is that it is a process that was negotiated with the state and federal government as part of the national agreement, and it is one of the mechanisms that we are using to increase the number of trainees and apprentices in the workforce.

**The Hon. A. KOUTSANTONIS:** Thank you, minister. If you can just hold that thought, can we go back to the industry and skills councils. Who is Mark Johns?

**The Hon. D.G. PISONI:** I am not familiar with Mark Johns.

**The Hon. A. KOUTSANTONIS:** Sorry, Mark Jones.

**The Hon. D.G. PISONI:** Mark Jones? I believe Mark Jones has something to do with the Furnishing Industry Association, if it is the same Mark Jones.

**The Hon. A. KOUTSANTONIS:** You annotated this. Well, I assume it is your handwriting. It looks like your handwriting. It says, 'Approved on the condition the following members are appointed: Mark Jones, transport and manufacturing.' Does that help you?

**The Hon. D.G. PISONI:** As I said, I am not prepared to accept—

**The Hon. A. KOUTSANTONIS:** Has he ever been employed by you?

**The Hon. D.G. PISONI:** —your documents.

**The Hon. A. KOUTSANTONIS:** Have you ever employed a Mark Jones?

**The Hon. D.G. PISONI:** No. I think I have spoken to him on the phone, or I may have met him at an industry function.

**The Hon. A. KOUTSANTONIS:** Did you ask that Mr Jones be appointed to the industry skills council?

**The Hon. D.G. PISONI:** I do not recall.

**The Hon. A. KOUTSANTONIS:** You do not recall?

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

**The Hon. A. KOUTSANTONIS:** Yes, Mark Johns is the Coroner; I got that wrong. You said earlier that you are using this new method of apprenticeship and traineeship to try to get up to the figure of 20,000 that you budgeted for in coming to office, to achieve 20,000 additional offerings of apprenticeships and traineeships. Is there a minimum requirement of days of work and placement for this new category you have developed with the commonwealth government?

**The Hon. D.G. PISONI:** The answer to that is that there is an ability for a placement in that process.

**The Hon. A. KOUTSANTONIS:** Are you including pre-apprenticeships and pre-traineeships in your figures for Skilling South Australia commencements?

**The Hon. D.G. PISONI:** Yes, we are.

**The Hon. A. KOUTSANTONIS:** Is a pre-traineeship as little as four weeks?

**The Hon. D.G. PISONI:** Pre-traineeships are varied. Remember, the arrangements with the federal government are all about commencements on the agreed terms for delivering more apprentices and trainees. This process is, I suppose, an expanded model on the pre-vocational models that have been used in the past for traditional apprenticeships.

We are using them predominantly for new areas, such as special effects. As I spoke about earlier, I think one has been negotiated with creative industries in that space. It is a small component; it is not a large component. I do not have the exact numbers, but we can certainly bring those back to you.

**The Hon. A. KOUTSANTONIS:** You say it is a small component. Is a childcare pre-traineeship four weeks?

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

**The Hon. A. KOUTSANTONIS:** Are childcare pre-traineeships a small component of the commencements you reported to the commonwealth government?

**The Hon. D.G. PISONI:** I am just remembering that, from the briefing I read on that, I think there were around 50 of those, over a couple of providers.

**The Hon. A. KOUTSANTONIS:** Is a disability pre-traineeship five weeks?

**The Hon. D.G. PISONI:** We have a brand-new traineeship for disability, as I mentioned earlier, which is a traditional 12-month traineeship for individual support. I suspect that those doing the disability training would move on to that trainee opportunity. We are very focused on making sure that those pre-apprenticeship, pre-traineeship or like programs have the opportunity to move on to the real or, I should say, traditional traineeships or apprenticeships.

**The Hon. A. KOUTSANTONIS:** You used the word 'real'.

**The Hon. D.G. PISONI:** 'Real' as in the ones that the NCVET count. The NCVET does not count the like apprenticeships or traineeships.

**The Hon. A. KOUTSANTONIS:** But you do.

**The Hon. D.G. PISONI:** Well, the federal government does. That is part of the agreement, but they are only a small component. As I said, we will get those numbers to you. We will come back to you with the numbers.

**The Hon. A. KOUTSANTONIS:** What is the shortest pre-traineeship accredited by the commonwealth government for your commencement reporting purposes in the state budget?

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

**The Hon. A. KOUTSANTONIS:** Is it two days?

**The Hon. D.G. PISONI:** But it is important to understand that a standard traineeship can be as little as 15 hours a week. Through the contractor training, where people are paid to be a trainee, it can be as little as 15 hours a week. I am not sure how many of those we have at that level, but it opens up a whole lot of new areas, particularly in regional South Australia where there simply is not that opportunity for traineeships through seasonal work. It enables smaller businesses and businesses that have not been involved in a training process before to get involved because the commitment is not as large as for a full-time trainee or apprentice.

**The Hon. A. KOUTSANTONIS:** When you said the word 'real' in terms of apprenticeships or traineeships, minister, I got the sense that you let slip then your view that these pre-traineeships and pre-apprenticeships are simply about trying to build the numbers and that your personal view is that a real apprenticeship and a real traineeship go on for long periods of time.

**The Hon. D.G. PISONI:** No, I was referring to the NCVET count.

**The Hon. A. KOUTSANTONIS:** You cannot tell me what the shortest period for a pre-apprenticeship or pre-traineeship is. Can you tell me the percentage of the published figures you have in the budget for pre-traineeships and pre-apprenticeships as commencements for the purposes of reporting to the commonwealth government?

**The Hon. D.G. PISONI:** You are talking about two different things now. Are we talking about pre-apprenticeships and pre-traineeships, or are we talking about the like—

**The Hon. A. KOUTSANTONIS:** The way estimates works is that I get to ask you questions.

**The Hon. D.G. PISONI:** I am just getting clarification.

**The Hon. A. KOUTSANTONIS:** Okay. What percentage of pre-traineeships have you reported as an estimated result in the budget this year?

**The Hon. D.G. PISONI:** We can come back with that.

**The Hon. A. KOUTSANTONIS:** What about pre-traineeships?

**The Hon. D.G. PISONI:** Again, we can come back with that.

**The Hon. A. KOUTSANTONIS:** You do not know?

**The Hon. D.G. PISONI:** It is important that the figures are accurate. We will bring them back.

**The Hon. A. KOUTSANTONIS:** Can you assure the parliament that you do not have that information with you now at the table?

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

**The Hon. A. KOUTSANTONIS:** You reported 3,400 additional traineeships and apprenticeships. You did not even meet the target that you set.

**The Hon. D.G. PISONI:** Hang on, I do not accept that.

**The Hon. A. KOUTSANTONIS:** Sorry, I thought you set a target of 5,000.

**The Hon. D.G. PISONI:** The target is over four years.

**The Hon. A. KOUTSANTONIS:** Sorry, I thought last year in the budget you published a target of 5,000.

**The Hon. D.G. PISONI:** The target is 20,800 over four years.

**The Hon. A. KOUTSANTONIS:** Over four years, but last year you put in your performance indicators in your budget line a target of 5,000 or 6,000? Last year, 2018.

**The Hon. D.G. PISONI:** Are you referring to page 114?

**The Hon. A. KOUTSANTONIS:** I do not have last year's budget papers with me, minister.

**The Hon. D.G. PISONI:** This year's budget papers show a target of 3,500. The estimated result for this year is 3,400 and the target for next year is 5,200.

**The Hon. A. KOUTSANTONIS:** Can you be counted twice if you do a pre-traineeship—you get counted in your reporting for commonwealth government purposes—and then you go on to do a longer traineeship? Are you counted twice?

**The Hon. D.G. PISONI:** The NCVER counts training contracts. The practice that we have adopted with this process is the same as the NCVER. I think one of the things that we really need to break here in Australia is the fact that completions have dropped off over the years. I know when I did my apprenticeship it was just unheard of not to finish an apprenticeship.

*Members interjecting:*

**The Hon. D.G. PISONI:** So you are laughing at people who do apprenticeships now, Labor Party? Quite extraordinary, really. I have to say that is extraordinary—absolutely extraordinary.

**The Hon. A. KOUTSANTONIS:** What is that? What is extraordinary?

**The Hon. D.G. PISONI:** Laughing at people who do apprenticeships, Mr Chair, is extraordinary.

**The Hon. A. KOUTSANTONIS:** No, we were laughing with you, actually, minister.

**The Hon. D.G. PISONI:** I am very proud of the fact that I did an apprenticeship. You just do not know where it will take you, Mr Chair, do you? The figures are in the budget this year: the target at 3,500, estimated results is 3,400 and the target the next year is 5,200. So there is a lot of work that we have been doing since coming to office in rebuilding the training sector in South Australia.

The latest NCVER figures show that we are making some inroads, particularly in the non-government sector, with a 5.4 per cent increase in apprentices and trainees funded through government via the non-government sector. That is good news for regional South Australia in particular because a lot of TAFE activities were ceased under the previous government in regional

South Australia. We expect that to grow because of TAFE's decision to now open up their facilities for hire for other providers so they are not sitting there idle.

**The Hon. A. KOUTSANTONIS:** Minister, in your performance indicators that you have referenced now, where you claimed your 2018-19 target was 3,500 positions and you achieved 3,400 did you say?

**The Hon. D.G. PISONI:** That is correct, yes. It says 3,400 in the estimated result. There is always a lag.

**The Hon. A. KOUTSANTONIS:** Estimated result, yes. Of those 3,400, are any of them the same people counted twice?

**The Hon. D.G. PISONI:** We will have to come back to you to clarify that.

**The Hon. A. KOUTSANTONIS:** Can you assure the committee that you do not have that information with you now?

**The Hon. D.G. PISONI:** I am not aware that we have that information.

**The Hon. A. KOUTSANTONIS:** Do you want to ask your officers?

**The Hon. D.G. PISONI:** As I said, I am not aware that we have that information.

**The Hon. A. KOUTSANTONIS:** Is it possible, minister, that of the 3,400 in your estimated result that you published this year there are people who have done multiple pre-traineeships and pre-apprenticeships?

**The Hon. D.G. PISONI:** We will bring that information back to the committee.

**The Hon. A. KOUTSANTONIS:** Are you including higher apprenticeships in your claimed figures for Skilling South Australia commencements?

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

**The Hon. A. KOUTSANTONIS:** You are. You have announced 2,600 apprenticeships and traineeships in the public sector over four years?

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

**The Hon. A. KOUTSANTONIS:** Will you increase that if you do not reach your target of 20,800?

**The Hon. D.G. PISONI:** Our target is 20,800. My understanding is that we are on target to reach that over the four-year period. It is a ramp-up because we are starting from a very low base. The public sector, until recent times, used to be a great training ground for young South Australians, and many of them even moved into the private sector with the skills that they learnt in the public sector.

The public sector is very good at training young people. I have to congratulate Erma Ranieri on the work that she has done in making this happen. We have had a massive drop-off under the previous government for these opportunities for young people, so we are very excited about the prospect of this happening.

I have to say that it was not an easy process to get it started, because there is obviously a cost involved, but we are committed to the 20,800 apprentices. We figure that, with about 12 per cent of South Australians being employed in the public sector, the public sector should pull its weight. It is one thing for the government to be asking the private sector to get behind the training program, the skills program, but as a government we made a conscious decision that we would also move that program into the government sector.

**The Hon. A. KOUTSANTONIS:** Minister, have you agreed with the commonwealth government that the commencements that you will target will be 13,065 for apprenticeships and traineeships?

**The Hon. D.G. PISONI:** Over what period?

**The Hon. A. KOUTSANTONIS:** Over the four-year period that you have agreed with the commonwealth government?

**The Hon. D.G. PISONI:** We will see if we can get you that figure.

**The Hon. A. KOUTSANTONIS:** You have said 20,800 five times.

**Ms RICHARDSON:** Additional.

**The Hon. A. KOUTSANTONIS:** Additional, and I am asking you whether you have agreed with the commonwealth government that you will commence apprenticeships and traineeships to a value of 13,065 over the same four-year period?

**The Hon. D.G. PISONI:** It is a very complex formula, so I am not confident to be able to give you all the details right now, but I can certainly do what I can to get as accurate an answer as possible for you—

**The Hon. A. KOUTSANTONIS:** Thank you. I thought you told the parliament earlier—

**The Hon. D.G. PISONI:** —I have not finished my answer—and come back to the parliament with the best answer that we can on that quite specific question.

**The Hon. A. KOUTSANTONIS:** You have signed a national partnership on the Skilling Australians Fund. You campaigned on it, you signed it and you have made agreements to meet performance benchmarks. You signed it on 31 August 2018, and it was signed by the Hon. Michaelia Cash earlier on 28 August 2018. Did you agree in that document that the total commencements for apprenticeships and traineeships would be 13,065?

**The Hon. D.G. PISONI:** Yes, I am able to confirm that the agreement over that four-year period is 13,065.

**The Hon. A. KOUTSANTONIS:** You told the parliament it was 20,800.

**The Hon. D.G. PISONI:** I think the point here is that that is the national agreement. The state government promise is 20,800. We are doing this in conjunction with the federal parliament.

**The Hon. A. KOUTSANTONIS:** So the program is budgeted—

**The Hon. D.G. PISONI:** I have not finished my answer. We are very pleased that the federal government got on board with the program. They had their own program, and I think I explained earlier in this session that South Australia had the worse drop-off in apprentices and trainees over the last five and six years in the nation. Consequently, we had more work to do here in South Australia, so as a government we were committed to putting the money in the budget.

It is my understanding that, for the first two years of the Marshall government, the training budget has \$91 million more in it than in the last two years of the member for West Torrens' budget for training and skills. We are actually putting serious money into this program, not simply relying only on the arrangements, the agreement, we made with the federal government. The state government's commitment is 20,800 and we have a joint commitment with the federal government of a total of 17,041 estimated commencements across three categories: apprentices and traineeships, pre-apprenticeship and pre-traineeships, and higher apprenticeships.

**The Hon. A. KOUTSANTONIS:** In terms of your funding for the 20,800 traineeships over four years, what is the budget for that program?

**The Hon. D.G. PISONI:** It is \$100 million from the state budget and \$92 million from the federal budget.

**The Hon. A. KOUTSANTONIS:** You are putting in—

**The Hon. D.G. PISONI:** It is \$100 million.

**The Hon. A. KOUTSANTONIS:** So \$100 million, and you claim that your \$100 million will get the remaining 3,000 apprenticeships and traineeships?

**The Hon. D.G. PISONI:** That is the commitment we have made to South Australia. It is not just the funding: it is the change in the way the department operates and it is the fact that we have

now lifted the payroll tax threshold from \$600,000 to \$1.5 million. That frees up a whole lot of businesses that were not in that space previously to be able to take on more staff, and if they take on more staff we are encouraging them to consider taking apprenticeships and trainees as well.

Through the Minister for Education's review of the VET in schools process, where there will be a stronger emphasis on vocational education pathways, we expect to see more interest in vocational education from students. We are also talking to the decision-makers in families—the parents and other caregivers—about the benefits a vocational pathway will give. Consequently, we expect the campaign that we are running with the federal government and that we are running as a state government will see an increase beyond the commitment we have made with the federal government so we can meet our commitment of the state government.

**The Hon. A. KOUTSANTONIS:** The commonwealth government is putting in \$98 million, did you say?

**The Hon. D.G. PISONI:** It is \$92 million.

**The Hon. A. KOUTSANTONIS:** And you are putting in \$100 million. What is the cost per traineeship, apprenticeship, pre-traineeship, pre-apprenticeship, and higher apprenticeship for your \$100 million?

**The Hon. D.G. PISONI:** They vary. There is the Subsidised Training List that is funded through a separate account. The Skilling South Australia fund is for developing special, bespoke projects. There is no one-size-fits-all here; it has not worked in the past, so we are not really interested in a one-size-fits-all approach. We have actually restructured the department so that it is much more flexible, much more able—particularly through the advice we have been getting from the Industry Skills Council—to expand opportunities and services for employers to get on board with the program.

**The Hon. A. KOUTSANTONIS:** The agreement you have signed, in Part 2: Pre-Apprenticeships and Pre-Traineeships, states:

A commencement contributes to this component of the activity baseline and target if:

1. it was for a nationally recognised qualification, and
2. it was subsidised by the government of South Australia for the specific purpose of leading into:
  - a. further study; or
  - b. a training contract as defined under Part 4 of the Training and Skills Development Act 2008 (SA).
3. it was not delivered through a training contract as defined in Part 4 of the Training and Skills Development Act 2008 (SA).

Also, you will publish:

The list of qualifications subsidised for the specific purpose of leading into further study or a training contract will be bilaterally agreed between the Commonwealth and South Australia, and subject to regular review.

I read that, minister, as: you can characterise a pre-apprenticeship if the state government contributes any subsidy to that program. So you can artificially inflate the numbers through a four or five-week course and claim that you are delivering 20,000 apprenticeships and traineeships when we know, through the only document that you have signed, a large portion of the apprenticeships you will be offering as part of your 20,800 package are for four weeks' training.

**The Hon. D.G. PISONI:** There is another measure, of course: the NCVET figures, which do have a substantial lag. We are focused on delivering our commitment with the federal government and also with the people of South Australia. There is a massive skills shortage here in South Australia and we are very keen to fill that shortage. It is a big job because, quite frankly, it was totally neglected by the previous government.

The drop-off in apprenticeships and traineeships in South Australia was the highest of all the states and territories. We actually have to dig ourselves out of a hole before we start climbing the ladder. We have done that. The latest NCVET figures show that there are green shoots in this space

and, of course, we have met our commonwealth government commitments in our partnership and traineeship space.

**The Hon. Z.L. BETTISON:** Minister, I refer you to Budget Paper 4, Volume 3, looking at both page 112 and a reflection of some of the performance indicators on page 114. How much did the state government contribute to Skilling South Australia in 2018-19? I understand the \$100 million was over the four years; how much was in last financial year?

**The Hon. D.G. PISONI:** Sorry, what year are you after?

**The Hon. Z.L. BETTISON:** The financial year just completed.

**The Hon. D.G. PISONI:** The state contribution was \$13,700,000 and it was \$20.288 million from the commonwealth, so it was a total expenditure of \$33,988,000.

**The Hon. Z.L. BETTISON:** Sorry, you said \$22 million from the commonwealth?

**The Hon. D.G. PISONI:** No, \$20.288 million.

**The Hon. Z.L. BETTISON:** Going forward, looking at those contributions, how will that go forward in 2019-20, 2020-21, and 2021-22?

**The Hon. D.G. PISONI:** By the time we get to the 2021-22 year, we would have expended the full \$100 million at a state level and a total of \$92,057,000 at a federal level.

**The Hon. Z.L. BETTISON:** For the committee, can you break those down per financial year?

**The Hon. D.G. PISONI:** The commitment is over four years; consequently, we are committed to spending the \$100 million over the four-year period and \$92,057,000 from the federal government.

**The Hon. Z.L. BETTISON:** Yes, I understand, but what is the intention going forward, year by year?

**The Hon. D.G. PISONI:** My understanding is that we will see an increase for next year and the year after to the eventual full expenditure of \$100 million.

**The Hon. Z.L. BETTISON:** I do not think you have actually answered my question. Do you have those details? For example, this financial year what will be the breakdown between the state and the commonwealth contribution?

**The Hon. D.G. PISONI:** For the 2019-20 financial year? Is that the year you are interested in?

**The Hon. Z.L. BETTISON:** I am actually interested in the next three years, but let's take this year first.

**The Hon. D.G. PISONI:** You are looking at a state contribution of \$26.3 million and a similar amount from the federal government for this year.

**The Hon. Z.L. BETTISON:** Minister, perhaps I could ask you to take on notice the other years I have requested and come back to us for 2020-21 and 2021-22. You have an envelope of \$100 million and \$92 million, and I assume that you would have had some estimations for each of those financial years.

**The Hon. D.G. PISONI:** I can give you an estimate for those years now. You are looking at \$30 million at a state level for the 2020-21 year, the same for the 2021-22 year and just over \$16 million at the federal level for the same period.

**The Hon. Z.L. BETTISON:** Just so that I am clear, we have a significant increase from the commonwealth this financial year and that drops back quite considerably—more of the onus goes back on the state.

**The Hon. D.G. PISONI:** Yes, there is a bigger state contribution in 2020-21 and 2021-22, and there is a close to 20 per cent reduction in the federal contribution. However, there are other federal measures that were announced in the federal budget. I think I had confirmed from minister

Cash's office, when I met with her earlier this month, that South Australia is benefiting from the ongoing engagement with the Morrison government on a range of skills measures. In the budget, they announced a skills package of more than half a billion dollars, which includes national incentives. I will be working closely with the federal government to enhance South Australia's training system with those incentives.

Specific measures totalling more than \$30 million will benefit South Australia through apprenticeship wage subsidies, foundation skills, employer incentives and a training hub in Port Pirie—\$3.7 million will be spent in Port Pirie on a training hub. Ten of those were announced in the budget, and the member for Ramsay was able to secure Port Pirie as one of the recipients of that funding. We are very pleased to be working with him to be able to deliver that. There is also \$2 million dollars—

**The Hon. Z.L. BETTISON:** Minister, I do not think that this relates to the \$20,800 that we are talking about.

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

**The CHAIR:** May I interrupt you? I understand, minister, that you have not finished your answer. I suggest that the member for Ramsay, having asked her question, wait for the minister to finish responding to it. You even got a mention in his answer, I think, so well done.

**The Hon. D.G. PISONI:** It was not the member for Ramsay, actually; it was the member for Grey, who is Mr Ramsey.

**The CHAIR:** It stands corrected, minister.

**The Hon. D.G. PISONI:** Thank you for picking that up. The member's question was about funding from the federal government, so that is exactly what I am answering. Another \$2 million was announced in the federal budget for the remote communities pilot program on the APY lands. So the relationship with federal government on delivering skills here in South Australia is strong, and we are very pleased to be the recipients of \$30 million out of the new skills package that was announced in the federal budget.

**The Hon. Z.L. BETTISON:** Fantastic. My question continues on the same page, around activity indicators. Why is VET delivery per annual hour now more expensive than in 2017-18?

**The Hon. D.G. PISONI:** As you know, we are going through a fresh start for TAFE and there has been a significant investment in TAFE in both budgets. That increase in the hourly rate is as a result of extra money for TAFE. Delivery of vocational education through the TAFE system is more expensive than through the non-government system. As the purchaser of vocational education, I am working with minister Gardner, the minister responsible for TAFE, to deliver better outcomes through TAFE and a more efficient delivery of services through TAFE. I have to say that I am very pleased with the work that we are doing so far with the TAFE board.

I meet with the new CEO, David Coltman, on a regular basis to get an understanding of where the money is going for TAFE and what he has plans for. We are certainly confident we will be able to fix the mess we inherited when we took over last year.

**The Hon. Z.L. BETTISON:** But, minister, that is a significant cut from your estimated result last financial year of \$25 per hour to \$21 per hour. How exactly do you expect to achieve that?

**The Hon. D.G. PISONI:** That is a matter for TAFE. As the purchaser, I am responsible for the Subsidised Training List. The Subsidised Training List is now available to both the non-government sector and the government sector. When we came to office there were about 350 courses available on the Subsidised Training List and only 30 per cent were available to the non-government sector. Part of our reforms of TAFE and the vocational education system is to build the capability of both TAFE and the non-government sector.

Consequently, we expect that we will see some efficiencies in TAFE as we move toward the years ahead. There is no doubt that, as we see more vocational education money being spent through the Subsidised Training List, we will see more apprentices and trainees and consequently more activity in the vocational education sector, both in the government and non-government sector.



**The Hon. Z.L. BETTISON:** Moving forward, in the same papers, when we look at the Skilling Australians Fund, are you aware that employers who want to sponsor skilled workers to come to Australia are required to pay four up-front annual payments of \$1,800 each?

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

**The Hon. Z.L. BETTISON:** Obviously the Skilling Australians Fund set up by the commonwealth, of which you are a partner, is connected to skilled migration and the payments made. I want to clarify that you are aware that employers who sponsor skilled workers are required to pay these up-front annual payments of \$1,800.

**The Hon. D.G. PISONI:** Skilled migrants?

**The Hon. Z.L. BETTISON:** Yes, \$1,800.

**The Hon. D.G. PISONI:** When the fund was set up, it was set up to be funded from that process, as I understand it.

**The Hon. Z.L. BETTISON:** Would it be correct to say that the money the commonwealth is providing to South Australia for Skilling South Australia is actually coming from South Australian employers?

**The Hon. D.G. PISONI:** I think predominantly it is coming from businesses that are employing skilled labour through various visa processes from the Eastern States. South Australia's migration is much lower than in the Eastern States. For every dollar that we spend in GST, we receive substantially more back than the Eastern States do and than we actually raise ourselves. I think it is a similar situation with this fund. There is a lot more skilled migration in New South Wales and Victoria, for example, than in South Australia, so as a state we are a net beneficiary of this fund from the economic activity happening in the Eastern States.

**The Hon. Z.L. BETTISON:** But it is correct that South Australian employers who are employing skilled migrants from overseas under those various visa classes actually contribute to those visas. I am not sure if it is hypothecated revenue, but it is a committed revenue tied to those visas.

**The Hon. D.G. PISONI:** It is expensive to bring in skilled labour. All employers who bring in skilled labour to Australia go through a process, and part of that process is federal government fees. All employers pay those fees. I am not aware of any employers who do not pay those fees.

**The Hon. Z.L. BETTISON:** How much has been raised from South Australian employers in this way?

**The Hon. D.G. PISONI:** I do not have that figure. I am not even sure that we are able to bring that back to you, as it is a federal figure. We might see if we can attempt to do it.

**The Hon. Z.L. BETTISON:** Has there been a particular reason, when you have talked about this very ambitious target to have an additional 20,800 traineeships, apprenticeships and pre-traineeships, which is fantastic, that you have not actually been very transparent about where that money is coming from—the skilling fund? Would that be correct?

**The Hon. D.G. PISONI:** I completely do not accept the inference of that question, I am sorry. I am responsible for the state component of delivering the apprentices and trainees. The federal government has provided that funding through a funding arrangement. I am not responsible for the collection of federal taxes, levies or charges, but I am very happy to take federal money any time here in South Australia, particularly for the purpose of training apprentices and trainees.

**The Hon. Z.L. BETTISON:** The Auditor-General recently informed the Budget and Finance Committee that the understanding at this stage is that payments of commonwealth funding associated with the Skilling South Australia initiative are generally received by the state after the commonwealth has assessed information submitted by the state about performance against established benchmarks. What are the performance benchmarks for the receipt of this funding?

**The Hon. D.G. PISONI:** I have some information on that. The information I have is that that is set out in the national partnership agreement. We will see if we are able to share that with the committee and come back to the committee if we are able to.

**The Hon. Z.L. BETTISON:** What happens if these benchmarks are not achieved?

**The Hon. D.G. PISONI:** Then we do not get the money.

**The Hon. Z.L. BETTISON:** Sorry?

**The Hon. D.G. PISONI:** We do not get the money, or there is a reduction in the money that we receive. The benchmarks are tied to the funding. The federal government is not a pushover. They have really made states work hard for this money. We understand that it is going to continually be a challenge to achieve these targets, both at a federal level and with the state commitment, and we are determined to do so. It is quite a rigorous process.

**The Hon. Z.L. BETTISON:** Would the state government then be liable to commit the rest of the funding for the program?

**The Hon. D.G. PISONI:** That is a hypothetical question. I do not think we answer hypothetical questions in the parliament.

**The Hon. Z.L. BETTISON:** During the 2018-19 financial year, how many people were in vocational education and training in South Australia?

**The Hon. D.G. PISONI:** You will find this in the budget papers. On page 114, it is the third performance indicator, 'Number of people participating in government funded VET in South Australia'. The estimated result is 66,200, which is obviously substantially lower than it was around five years ago.

**The Hon. Z.L. BETTISON:** I understand your target was 71,000. Given that you are nearly 5,000 off your target, what went wrong?

**The Hon. D.G. PISONI:** I think the big question is: what went wrong in 2012, when we saw the sudden decline in apprenticeships and traineeships in South Australia under the previous government? There was a drop of around 69 per cent. We are obviously being very ambitious in our targets and what we can achieve for South Australia. I am pleased that we have now stemmed the decline in apprenticeships and traineeships in South Australia and that there are some green shoots appearing. Obviously, we would always like to see more, but we are starting from a very low base.

**The Hon. Z.L. BETTISON:** What makes you so sure that you are going to be able to achieve your target?

**The Hon. D.G. PISONI:** In earlier answers, I referred to a number of settings that the government has put in place. We are a small business state: 98 per cent of business in this state is a small business. I think there are around 92,000 businesses that do not employ anybody. We have a program in place to encourage businesses that do not employ people to perhaps consider an apprentice or a trainee.

We are also looking at industries that have not traditionally employed apprentices. As you know, there are a lot of traditional industries that have previously employed apprentices in large numbers that have changed significantly, or alternatively, are not there anymore. Apprenticeships in the defence sector regarding different to those in the automotive sector. We are making some changes to the apprenticeship system. That is why I have introduced the higher apprentices to cater for those employers.

We have increased the number of training places available to students and employers. We are offering more courses and more choice. The opening of courses and placements to non-government training providers, many of which are industry linked, will support increased training activity and value for money. For example, the new traineeship we announced with Microsoft about a month ago has had an enormous amount of interest, and that is being rolled out in conjunction with TAFE. We are very pleased to have them as the partners in South Australia. This is a brand-new traineeship in a brand-new area in South Australia.

We cannot do these things overnight, but we are doing them and we are building some momentum. To build continuing success, we are investing in measures to support training outcomes. Additional learner support services are providing one-on-one support for apprenticeships and trainees to help retain apprentices through successful completion of their qualification. I emphasise the point I made earlier: it is very important that we increase the number of completions in apprenticeships. Statewide advisory services provide practical help for businesses employing their first apprentice or trainee. It is a big leap for businesses that have not been in this space before.

We are working with group training in that space as well. Group training offers additional support for employers and trainees and can manage all sorts of situations that can happen in a small business that might be more complex to deal with for a directly employed apprentice, for example, rather than an apprentice who is employed by a group training organisation and then placed with a host employer. It certainly removes the risk for the host employer, and it minimises any risk for the apprentice because, if there is a personality clash or the business itself cannot continue with the apprentice, the apprentice will not lose their apprenticeship; they will be placed elsewhere. It is a very good system.

Of course, we have pre-apprenticeship programs as pathways to training contracts, ensuring a robust recruitment and selection process. I think that will be key in helping us to increase the number of completions. One of the things we are noticing about the pre-apprenticeship programs is that they are able to identify whether those who applied for those positions are suitable or like what they have applied for. There are always more pre-apprenticeship places than apprenticeships in a program.

If we are looking at starting one of the programs, we might have 24 pre-apprenticeships and offer 20 apprenticeships because we know that, statistically, maybe four or five of the people who participate in that process will find that it is not for them. I suppose it is a bit like overbooking seats at an airline: you always assume that some people are not going to turn up. We are using the same sort of logic. It means that those who move into apprenticeships have made a considered choice, knowing full well what the apprenticeships entail and what the industry is like.

**The Hon. Z.L. BETTISON:** Minister, what is the figure of apprenticeships and traineeships from the baseline year? You have talked quite significantly about the 20,800, which is additional over four years. What are the baseline figures that you work from?

**The Hon. D.G. PISONI:** The baseline is around 9,900.

**The Hon. Z.L. BETTISON:** So prior to your ambitious plan, which is a creditable plan, nearly 10,000 South Australians were employed in traineeships or participated in traineeships and apprenticeships from the baseline year; is that your understanding?

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

**The Hon. Z.L. BETTISON:** Prior to your coming into government, we had about 10,000 South Australians every year in traineeships and apprenticeships.

**The Hon. D.G. PISONI:** My advice is that the baseline of 9,900 is based on the 2016-17 figure as negotiated with the federal government.

**The Hon. Z.L. BETTISON:** Did that figure include pre-traineeships?

**The Hon. D.G. PISONI:** I am advised yes.

**The Hon. Z.L. BETTISON:** You have made mention, and it is in the budget papers, that 3,400 apprenticeships and traineeships were created through Skilling South Australia. How many have subsequently withdrawn from these programs?

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

**The Hon. Z.L. BETTISON:** You have the figure that an additional 3,400 have been created. How many have then withdrawn during that program?

**The Hon. D.G. PISONI:** We do not have that figure. We will see if we can get back to you in the time frame that the Chair has given us. It is quite a detailed bit of work to do. I cannot guarantee

that we can get that to you by 5 September, which I think is when the Chair said we are to return answers, but we will see if we can.

**The Hon. Z.L. BETTISON:** You have not quite reached your target for the last financial year and then you have quite a substantially higher target for this year of 5,200 for the number of commencements. My understanding from our calculations is that the aim would be 25 per cent each year of additional. What is your target going forward? On top of the baseline figure, when we look at 2019-20, we see that you are going for 5,200. What is your plan and what are your targets for 2020-21 and 2021-22?

**The Hon. D.G. PISONI:** I am not sure that we have that with us. I will check to see if we can answer that question now; if not, we can see if we can bring it back. The budget papers reflect the election commitment. You will see that in 2019-20 it is 5,200, which would mean that the remaining 12,000 or so would be over the last two years of the four-year period.

**The Hon. Z.L. BETTISON:** Will your target be evenly split?

**The Hon. D.G. PISONI:** I think we are still determining how the ramp-up is going. We hope it will be evenly split.

**The Hon. Z.L. BETTISON:** Obviously, that ramp-up will coincide with an almost doubling of the state's investment in the Skilling South Australia fund. This is obviously quite important. It is not commonwealth money; that reduces somewhat. This will be the state fund during those last two years. Will you put more emphasis on the targets at that point?

**The Hon. D.G. PISONI:** We certainly will at that point. There is an emphasis on the target now: 20,800 apprentices and trainees over a four-year period. I have confirmed this year's target, next year's target and the remaining 12,000 in the subsequent last two years of the program.

**The Hon. Z.L. BETTISON:** To achieve that target, will you increase the number of traineeships in the public sector?

**The Hon. D.G. PISONI:** We have made a commitment to traineeships in the public sector. Obviously, we are very excited about this. For decades, the public sector was a training ground for young South Australians. Unfortunately, that dropped down to a trickle under the previous government. We have committed to meeting the state government's share, as an employer, of the number of apprentices and trainees over four years through that program. We are very excited about that program.

Many opportunities for young South Australians will be created through that program. Of course, the fact that the public sector is providing this training makes those trainees very, very employable. Because the group training organisations that will be managing the training are very well connected with industry, we know there will be terrific opportunities for placement for those trainees once they have finished their traineeship.

**The Hon. Z.L. BETTISON:** Just going forward, when you sourced the 2018-19 estimated result, what is the department's source for that figure, for Skilling South Australia? You have talked about commonwealth partnership agreements and what is included and the National Centre for Vocational Education Research. Where is that figure drawn from?

**The Hon. D.G. PISONI:** That figure is drawn from estimates based on the four-year target that the government has, based on the status of the training sector in South Australia, the acknowledgement of the work that needs to be done to improve the system, the progress we are making in improving the system and the campaign we are conducting at the moment to spread the love, if you like, about the benefits of apprenticeships and traineeships throughout the community. These things take time. A 69 per cent drop over a six-year period cannot be fixed overnight.

There are all sorts of attitudinal issues that we need to deal with: the attitude of parents and caregivers, the attitude of those who influence kids in school and the attitude of the kids themselves. This takes time, and of course reassuring employers that this is a significant investment that they can make in their businesses is also another part of the program, as is identifying what the barriers are for those employers who are not employing apprentices, using some of that Skilling South Australia money to bring in some enablers to help them get on board.

**The Hon. Z.L. BETTISON:** Sorry, minister, I just wanted you to clarify where that source is for that figure.

**The Hon. D.G. PISONI:** I have not finished my answer, Mr Chair. There are a lot of balls in the air for achieving these ambitious targets. We are determined to do that, but it is more than just numbers on a page: it is actually a change in culture, and it is a partnership with industry in order to do this.

We have said to industry that we will fund any off-the-job training that is connected to a contract to training. That is a very strong message, that if industry wants to employ an apprentice or a trainee they know that they will be supported with funding. They do not need to look at the cap the government might have on funding in that sector. We have also written off all those disqualifications that were placed on students under the previous government because they had done vocational education in school, which meant that they could not qualify for funding for the off-the-job training for an apprenticeship or traineeship.

We have written that off. We have said, 'Well, that's not fair that you were encouraged to do vocational education at school that didn't lead to a vocational job path. It's not fair that now an employer won't take you on because they won't get a subsidy for your off-the-job training.' We have said, 'We will fund that off-the-job training regardless whether you have received funding for that previously provided it is connected to a contract of training.'

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

**The CHAIR:** Are you seeking some clarification, member for Ramsay?

**The Hon. Z.L. BETTISON:** Yes, some clarification. The data that is used about the number of commencements through Skilling South Australia above the state's baseline, where is that drawn from?

**The Hon. D.G. PISONI:** The data is drawn from the work that is done within the department. It is drawn from the information or the work that the Training and Skills Commission does and the information we get from industry. It is a much more informed process than what we inherited from the previous government. It is driven by industry. There is enormous enthusiasm in industry for getting behind the government's skills agenda, and so we are very—

**The Hon. Z.L. BETTISON:** Minister, that provides no clarity to the question I am asking.

**The Hon. D.G. PISONI:** I have not finished answering the question, Chair. We are very confident that the numbers that we are presenting are numbers that are well researched and well estimated based on the information that we have and the work that we are doing within the industry.

**The Hon. Z.L. BETTISON:** Minister, the numbers may be well researched, but you have lacked complete clarity to the parliament about where you get the data from. Given that you have partnerships about receiving commonwealth funding and we have national councils about vocational education, where is the data that you draw this number from? I am not arguing against the data. I am not arguing against the importance of traineeships and apprenticeships and growing that. I ask simply where the data comes from for this figure of 3,400?

**The Hon. D.G. PISONI:** The answer is certainly very obvious to my government colleagues here and to me, and that is that the data comes from business; it comes from industry. They are the ones that have skin in the game, and they are the ones that are partners in apprenticeships and traineeships. They actually partner with the apprentice. They partner with the government in delivering these apprentices and trainees. We have gone out to industry. We have asked them, 'What are your needs?' For example, Weld Australia tells us that in South Australia alone we need about 1,100 welders for the shipbuilding project.

It is a massive challenge. None of the work preparing for that skill set was done by the previous government, so industry has provided the department with the information they need in order to place these numbers in the budget.

**The Hon. Z.L. BETTISON:** Minister, let me clarify this: what you are not telling me is that this data comes from the National Centre for Vocational Education Research. Is that what you are

saying today, that this data—in our budget papers for all South Australians to see—does not come from that research?

**The Hon. D.G. PISONI:** The NCVET is referenced in the budget papers, and so is the national agreement with the federal government. It really depends on what line you are reading.

**The Hon. Z.L. BETTISON:** I am reading from the performance indicators and the number of commencements through Skilling South Australia above the state's baseline. The estimated result is 3,400, which is below the target you had for 2018-19. I am asking you to clarify where that data comes from, and what I am not hearing from you is that it is from the National Centre for Vocational Education Research.

**The Hon. D.G. PISONI:** The data that the NCVET receives comes from industry, and there is a significant lag in the publication of data through the NCVET. The information you see in that particular line is information that has come from industry. It has been verified by the payments received by the federal government.

**The Hon. Z.L. BETTISON:** Thank you. In 2017-18, there was a 70.3 per cent completion rate for certificate III and above for government-funded VET in South Australia. In 2018-19, in the estimated result we have a 5 per cent decline down to 65.3 per cent, and over the next year you are seeking a 70 per cent target, which is actually less than when you came into government. Why are your aspirations so low?

**The Hon. D.G. PISONI:** I do not accept the premise of that question.

**The Hon. Z.L. BETTISON:** Let's look at this. We are looking at the percentage of qualification completions of certificate III and above for government-funded VET. You are only expecting to get 65.3 per cent completions this year. Why is your target only 70 per cent?

**The Hon. D.G. PISONI:** The 70 per cent target is consistent with the target of previous years and reflects an approach to maintaining stability and promoting sustainable growth over time. Remember, this is a massive task. We are coming out of a massive decline in apprenticeship and traineeship places here in South Australia.

Although the percentage targets are similar to other years for completions, in the 2019-20 year we have only just started the process of identifying or trying to eliminate or reduce the number of non-completions in the system through our pre-apprenticeship programs and the programs we are doing with schools to identify students who are more suitable for apprenticeships. That is currently happening. This cannot be done overnight. There will be more apprentices and trainees, so if you are looking at raw numbers I would argue that there will be more completions.

The percentage of those completions is based on historical completions. South Australia has had a higher completion rate than other states, and the reason for that is that a higher number of apprentices are in the group training system, and the group training system has more success for completions because of the support it offers both the apprentice and the employer as well as the fact that many of them are industry driven.

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

**Ms BEDFORD:** Thank you, minister. I refer to Budget Paper 4, Volume 1, page 108. How are start-up small business subcontractors assisted by the government when entering into contractual terms at the outset of their venture?

**The Hon. D.G. PISONI:** Are we moving to small business now? We are done with skills?

**The CHAIR:** It is open at the moment, minister, so I am happy to take questions on small business.

**The Hon. D.G. PISONI:** I will need to change—

**Ms BEDFORD:** I can wait if you would rather.

**The CHAIR:** Member for Ramsay, have you finished your line of questioning?

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

**The CHAIR:** Minister, perhaps we will move to small business.

**The Hon. A. KOUTSANTONIS:** We have all three open.

**The CHAIR:** We have, yes. I am happy to take a question on small business. It is listed for this timeslot between 9am and 12pm. You may need to change advisers; I am not sure. I guess that is what the minister is suggesting.

**Ms BEDFORD:** Would you like it again?

**The Hon. D.G. PISONI:** Yes, if you would not mind, thank you.

**Ms BEDFORD:** How are start-up small business subcontractors assisted by the government when entering into contractual terms at the outset of their venture? Is there any support for them?

**The Hon. D.G. PISONI:** We do have a start-up hub that we now have an anchor tenant for. Stone and Chalk were awarded that. This is really more of a question for innovation, but we can handle it now. The start-up hub has a facility for small businesses to be tenants if they wish. There is an expression of interest process available for that. I guess one of the major things that we are doing for small business is that we have an environment where costs are lower. Through the reduction of the burden on payroll tax, businesses can in fact grow to be much larger businesses before they pay payroll tax.

As for specific programs, we do have the Office of the Chief Entrepreneur and the Entrepreneurship Advisory Board that work with and are able to offer advice to individuals and businesses that are in the start-up space. We do have a grant program for the commercialisation of ideas and technology for research and for start-ups, and there are several tranches available. It would depend on the nature of the business and what stage the business was at as to whether they would qualify for that scheme.

The Office of the Chief Entrepreneur has been working with Ian Nightingale on government procurement processes to see whether there is an opportunity to enable start-ups to pitch for solutions in government procurement rather than the government going out with a document that details exactly what they want. We are hoping that the outcome of this may very well be that the government will say, 'This is the problem. Do you have any solutions to fix it?'

We are changing the emphasis more in the support that small businesses get. It is more about opportunity than handouts or grants, and that opportunity will be delivered through the changes that we are hoping to make through both the procurement process and the growing private sector, as well as the ecosystem that we are developing at Lot Fourteen and other innovation centres in South Australia.

**Ms BEDFORD:** Given that the Small Business Commissioner does have some limited mediation services if things do not go according to plan, what programs are available to better guide first-time small business owners to avoid pitfalls, rather than at the other end, when something has actually gone wrong and trying to address it then?

**The Hon. D.G. PISONI:** The Small Business Commissioner has moved in with the Attorney-General. I am no longer the minister responsible for the Small Business Commissioner; I am responsible for small business policy. I know that the Small Business Commissioner gives a lot of advice to business. Somebody having contact with the Small Business Commissioner does not necessarily mean that any further action is needed, so it is not necessarily reflected in the number of activities that the Small Business Commissioner reports. For many of the inquiries that the Small Business Commissioner has about small business, I know that he is able to deal with them through simple advice, in the first instance.

**The CHAIR:** Has the member for Florey finished her questions?

**Ms BEDFORD:** I wonder whether there might be a little bit more information.

**The Hon. D.G. PISONI:** In 2018-19, the department funded the following programs:

- the Southern Adelaide Business Advisory Service. That was for the City of Marion over two years for the delivery of tailored business advice in the southern suburbs;

- the South Australian Young Entrepreneurs Scheme, delivered by Business SA. That was \$3,300 for mentoring at least 100 young entrepreneurs from 2017-19. This was also funded under the small business initiatives;
- the digital growth fund, which has \$400,000 over four years for the Polaris Centre to advise business about digital platforms. The program was to a value of \$400,000;
- the Excellence in Business Fund, which was committed in 2017-18. That was to co-fund nine organisations to deliver business capability; and
- the Growing Australia's Companies Program, which was \$4.2 million to 2019 for the Australian Centre for Business Growth to deliver business management education for small business.

**Ms BEDFORD:** In your answer, you talked about business in the south, which was through the Marion council. Is there any opportunity for something like that to go to the north as well?

**The Hon. D.G. PISONI:** I am certainly happy to speak to the member for Florey. The Polaris Centre is continually running a program in the north. There was seed funding for that and it is now running on its own for business.

**The Hon. A. KOUTSANTONIS:** I refer you to Budget Paper 4, Volume 3, page 107, key agency outputs, 'Enhancing the state's capacity to meet the economy's labour force needs through engaging with industry.' In estimates last year, you stated that 'there is real activity happening out there in the economy'.

**The Hon. D.G. PISONI:** Sorry, I did not hear that.

**The Hon. A. KOUTSANTONIS:** Last year in estimates, you said that 'there is real activity happening out there in the economy'. Ten months on from that, ABS data shows that unemployment has risen from 5.6 per cent to 5.9 per cent. Why?

**The Hon. D.G. PISONI:** Are we doing employment now? We have finished with small business?

**The Hon. A. KOUTSANTONIS:** They are all open at once.

**The Hon. D.G. PISONI:** I have to have the right advisers at the table. Are you done with small business now?

**The Hon. A. KOUTSANTONIS:** No, we might go back to it. I am not trying to be difficult.

**The CHAIR:** I take your point, member for West Torrens. They are all open, but the minister is going to need different advisers for different topics. He has advisers related to small business with him at the moment. Did you want to ask small business questions?

**The Hon. A. KOUTSANTONIS:** No. There is a crisis in employment and we need to talk to it.

**The CHAIR:** So you would like to stay with the question you have asked?

**The Hon. A. KOUTSANTONIS:** Yes, please, if I may.

**The CHAIR:** Which relates to page 107. Minister.

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

**The Hon. D.G. PISONI:** Your question was about employment.

**The Hon. A. KOUTSANTONIS:** Yes—why has it increased?

**The Hon. D.G. PISONI:** Actually, there is some very good news on the employment front: 14½ thousand South Australians are now in jobs compared with the same time last year. These are the latest figures released last Thursday. According to the state budget employment growth rates, the current employment figures would result in 34,400 more South Australians in work over the next four years. Obviously we have exceeded that figure over the last 12 months.



We have about 8,600 people who were employed full-time over that same period. The trend rate in South Australia has remained stable as we have seen more people in the workforce, a record number of South Australians in the workforce. On top of that, the participation rate is up. The participation rate is now at 63.3 per cent, up 0.7 per cent from a year earlier. We still have room to move there, of course. We still have a task ahead of us. Nationally, it is at 66 per cent. There are obviously quirks in the South Australian economy.

We traditionally have had lower participation rates, but the participation rates we have at the moment are better than they have been for quite some time, which means that more South Australians are feeling as though there is opportunity to get back into the workforce and look for a job and more South Australians are actually getting that job, with 14½ thousand additional South Australians working in that period.

The trend figures are the most reliable figures. They are the figures that governments use for their planning. They are the figures that give you a much more reliable figure as to where the employment figures are heading. We all know that the seasonally adjusted figures do move around quite a bit. So I think there is a good story to tell about the opportunity for jobs in South Australia: the number of jobs that have been created and the number of hours worked in South Australia.

Even the proportion of employed people who were underemployed has dropped nearly a full percentage point than a year earlier. That means that people are working more hours, getting more salaries, getting more wages and that is being spent in the economy. I think the hours worked were up 2.7 million in June 2019 compared with June 2018. If we insert the average salary into that hourly rate, it is about \$95 million of extra wages paid in South Australia in June this year compared with the previous June. It is good news for South Australian workers and it is good news for the economy.

On top of that, of course, people have more money in their pockets because we are seeing the effects of the reduction in the emergency services levy and the news yesterday that there will be more reductions to household costs, after exposing the previous government's overvaluation of SA Water, which meant that water rates were inflated for about a five-year period. I am pleased that the Treasurer has mentioned that there is contingency to deal with that, so we will be seeing a reduction in the cost of living through water bills from next year, as I understand. All this signals that we have turned a corner, that there are green shoots, but we still have a lot more work to do.

**The Hon. A. KOUTSANTONIS:** The minister said there are green shoots. When he made his last statement to the committee 10 months ago, unemployment was at 5.6 per cent. It has now grown to 5.9 per cent. In the intervening time, the government has cut payroll tax and the emergency services levy. It is forecasting a cut in land tax rates, but it is actually going to increase its land tax take by \$40 million, and the government's own economic forecast shows employment growth will halve—halve—from when Labor was last in office, from 2.2 per cent to a projected 1 per cent in 2019-20. Can the minister explain why his government is projecting a halving of employment growth in South Australia?

**The Hon. D.G. PISONI:** This is really an item for the Treasurer. This is set by the Treasurer's office.

**The Hon. A. KOUTSANTONIS:** He does not have much faith in you, does he?

**The Hon. D.G. PISONI:** We had a 2.2 per cent increase last year and my understanding is that that was a significant improvement.

**The Hon. A. KOUTSANTONIS:** No, that was 2017-18.

**The Hon. D.G. PISONI:** That was the actual income—

**The Hon. A. KOUTSANTONIS:** You are confusing financial years.

**The Hon. D.G. PISONI:** The actual number of people employed in South Australia is a record high from previous years.

**The Hon. A. KOUTSANTONIS:** Point of order: my question is why is the government—

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

**The Hon. A. KOUTSANTONIS:** It is debate, sir. My question was very, very simple: why is the government forecasting a drop in employment growth?

**The CHAIR:** That is the question. The minister is gaining information that will help him answer that. Member for West Torrens, just for my benefit, could you tell me the page number you are referring to there, please?

**The Hon. A. KOUTSANTONIS:** The employment forecasts are in the Budget Statement, Budget Paper 3, page 101—

**The CHAIR:** Thank you.

**The Hon. A. KOUTSANTONIS:** —which are not an administered line in the agency volumes, sir, but they are open the entire estimates period.

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

**The Hon. A. KOUTSANTONIS:** The member for King would know that.

**The Hon. D.G. PISONI:** I think it is fair to say that, while the forecast suggests a softening in employment growth from recent levels, it is important to acknowledge that employment growth is estimated to be stronger under this government than under the previous government, with a 1.25 per cent growth estimated for 2018-19, compared with 1 per cent in the 2017-18 state budget. So we have a situation where—

**The Hon. A. KOUTSANTONIS:** Point of order, sir.

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

**The Hon. A. KOUTSANTONIS:** The minister just said that the 2017-18 result was 1.1 per cent. The budget actuals show 2.2 per cent employment growth in 2017-18 in the last year of the Labor government and the forecast for 2019-20 to be 1 per cent under the Marshall government. My question again is: why are you forecasting a drop in employment growth?

**The Hon. D.G. PISONI:** What is the point of order?

**The Hon. A. KOUTSANTONIS:** Relevance.

**The Hon. D.G. PISONI:** It was just an interruption.

**The CHAIR:** The member for West Torrens I guess was clarifying his question. The minister is—

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

**The CHAIR:** —answering the question and will get to the answer.

**The Hon. D.G. PISONI:** Applying the state budget employment growth rate for the current employment figures would result in 34,000 more South Australians in work over the next four years, in stark contrast to the previous government's promise of 100,000 jobs from 2010 to 2016, where in that six-year period they delivered, through the more reliable trend rate, about 10,500 jobs. They were about 89,500 short of that 100,000 commitment. In the last 12 months, we have delivered 14,500 new jobs, 8,500 of them full-time jobs, so we are expecting that there will be more jobs in South Australia—

**The Hon. A. KOUTSANTONIS:** No, you're not.

**The Hon. D.G. PISONI:** —over the coming years than we have here. Obviously, we have population growth and more people are coming into the workforce because they are seeing that there are now opportunities to gain work because of the confidence in the business community that is now flowing down to those who put themselves forward—

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

**The Hon. D.G. PISONI:** —to apply for those jobs.

**The CHAIR:** The member for Ramsay will cease interjecting.

**The Hon. A. KOUTSANTONIS:** Hear, hear, sir! Does the minister reject the Treasurer's forecast of only 1 per cent employment growth?

**The Hon. D.G. PISONI:** This is the same line of questioning that the shadow minister had last year. The facts are that these economic forecasts are prepared for the state budget and are policy neutral. They are underpinned by broad macro-economic factors such as population growth, participation rate and unemployment rate. The stronger business environment as a result of the budget measure will support and improve the employment outlook for South Australia. We have demonstrated that over the past 12 months. There are now 14,500 more South Australians working—a record number of South Australians working in the state's history.

**The Hon. A. KOUTSANTONIS:** Can the minister explain why his government is projecting a decline in state final demand?

**The Hon. D.G. PISONI:** You will have to direct that question to the Treasurer. You would have had an opportunity to do that yesterday.

**The Hon. A. KOUTSANTONIS:** Have you met with the Master Builders Association (MBA)?

**The Hon. D.G. PISONI:** I have met with the MBA, yes.

**The Hon. A. KOUTSANTONIS:** On how many occasions have you met with them in the last 10 months?

**The Hon. D.G. PISONI:** I met with them, I think, as late as about a couple of weeks ago. There was a meeting that I had with the MBA. I speak to Ian Markos regularly. I saw him again last week at the induction for the CITB. I also speak with members of the MBA who are constituents or people I know on a regular basis.

**The Hon. A. KOUTSANTONIS:** Have you read his 'Make housing great again' document, released in December 2018?

**The Hon. D.G. PISONI:** I think we have all had a look at that.

**The Hon. A. KOUTSANTONIS:** Are you implementing any of those points?

**The Hon. D.G. PISONI:** The Treasurer—and again, you will have to go back to the Treasurer—

**The Hon. A. KOUTSANTONIS:** Sorry, I thought you were the employment minister.

**The Hon. D.G. PISONI:** Many of the points Mr Markos has raised in that report are the responsibility—

**The Hon. A. KOUTSANTONIS:** Can I get a point of clarification from you, Mr Chair. Point of order, sir: when the member for Florey was asking questions about the Small Business Commissioner, the minister stated to the house that he does 'small business policy'. This is a policy document and I have asked the minister if he is going to implement it. He is saying to the house now that he is not responsible for small business policy. I would like a clarification from you: is he responsible for small business policy or isn't he?

**The Hon. D.G. PISONI:** I can actually clarify that, sir. Basically, the role of the small business minister is to make sure that small business is being heard in the cabinet and to make sure that those ministers who have responsibility for the macro areas—in my instance, there is an overlay there with skills; obviously, that is a very important part of small business.

There are many issues that Mr Markos has raised in his report that are actually the responsibility of the Treasurer. Consequently, it is not a responsibility of mine. If the member has questions that he wishes to direct to the Treasurer, then I ask that he do that through his pair in the upper house, now that they have missed the opportunity through the budget estimates process that was there yesterday.

**The CHAIR:** Member for West Torrens, having heard that, you have the call.

**The Hon. A. KOUTSANTONIS:** Yes, I will ignore that, Mr Chairman. Minister, are you aware that this year an article in a French magazine claimed there was no guarantee of Australian content

in the strategic partnership agreement between the submarine designer and France's naval builder the Naval Group, which the Australian government signed on 11 February 2019? The Naval Group's head of the Future Submarines program, Jean-Michel Billig, told a magazine:

Contrary to certain statements and reports, we have not committed to a specific industrial or economic return to Australian companies, nor to the coerced selection of specific suppliers.

Is that correct?

**The Hon. D.G. PISONI:** I am aware of that report.

**The Hon. A. KOUTSANTONIS:** Is he correct?

**The Hon. D.G. PISONI:** The Naval Group are on our defence workforce planning group along with BAE and others. We are working very closely with the major contractors in the shipbuilding project. Their key issue for us is the skills that they need to deliver the projects. That is why we have been focusing so heavily on delivering those skills here in South Australia. It is unfortunate that area was ignored by the previous government. We saw no plans for skilling South Australians for these opportunities. We are starting from a position where the state should have been five or six years ago when it had some idea that this project was going to be happening.

**The Hon. A. KOUTSANTONIS:** Point of order, sir: that was not my question.

**The CHAIR:** There is a point of order, minister. Before I take your point of order, member for West Torrens, it is all very well to reference an article in a French magazine, but I need you to reference a budget line for me.

**The Hon. A. KOUTSANTONIS:** Agency Statements, Budget Paper 4, Volume 3, page 107, 'Enhancing the state's capacity to meet the economy's labour force needs through engaging with industry and individuals.' The Submarine Corporation—

**The CHAIR:** Are you seeking some clarification from the minister?

**The Hon. A. KOUTSANTONIS:** I want to know if it is true. Is it true?

**The Hon. D.G. PISONI:** We have the Naval Group on our defence workforce plan with their intention of employing South Australians.

**The CHAIR:** Member for West Torrens, I have been reminded that it is out of order to ask a minister whether or not a media report is true.

**The Hon. A. KOUTSANTONIS:** Thank you, sir. The head of the Future Submarines program for Naval said in the same article that job numbers at the Australian shipyard operation would be around 3,000, well short of the 6,900 projected. He said, 'Over the next eight to nine years, the job figures will rise to between 1,500 and 1,600.' Is that your estimate?

**The Hon. D.G. PISONI:** Sorry, could I have that again?

**The CHAIR:** Could you repeat the question, please, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** The head of the Future Submarines program for Naval has publicly stated that the Australian shipyard operations will be around 3,000 employees, well short of the 6,900 projected. He said, 'Over the next eight to nine years, the job figures will rise to between 1,500 and 1,600.' Is that the advice you have received?

**The Hon. D.G. PISONI:** In February 2019, the Australian government estimated that the naval shipbuilding program would create an additional 3,200 direct jobs and 5,000 indirect jobs across Australia. Obviously, our responsibility as the state government is to make sure that as many of those jobs as possible are here in South Australia by making sure that the skills and the business environment are here in South Australia. There are two ways this contract can go. One is that South Australia simply becomes an assembly plant and the high-tech and detail work is done elsewhere.

We have ambitions for that work to be done here in South Australia, certainly as much of that work as possible. We know about the spin-off of jobs and industries that will come from a 40-year continuous build, and we want to make sure that South Australia gets the maximum benefit from that.

This is an opportunity that has been given to South Australia. It was not given to us on a plate. We have to work hard to make sure we make the best of this opportunity for South Australians.

**The Hon. A. KOUTSANTONIS:** Have you been briefed by your agency on the information provided to federal senator Rex Patrick at Senate estimates hearings regarding the level of local content in the submarine program contracts?

**The Hon. D.G. PISONI:** I am not sure that Senator Patrick contacted my department.

**The Hon. A. KOUTSANTONIS:** No? Okay. The \$1.9 billion worth of contracts signed to date show a level of just 30 per cent Australian content. Of that Australian content, how much is South Australian content?

**The Hon. D.G. PISONI:** I do not have that figure. I am not sure that we can get that figure within the period.

**The Hon. A. KOUTSANTONIS:** How many apprenticeships—full apprenticeships, not—

**The Hon. D.G. PISONI:** It is actually a question that you need to direct to Defence SA. They are responsible for the—

**The Hon. A. KOUTSANTONIS:** You are not responsible for employment?

**The Hon. D.G. PISONI:** I am, but they are responsible for the workforce plan. We are working with them on that, but they are the lead agency.

**The Hon. A. KOUTSANTONIS:** How many apprenticeships have been created in the shipbuilding industry since you have come to office?

**The Hon. D.G. PISONI:** I think it is fair to say that the shipbuilding industry is actually winding down currently. What we are doing is talking to engineering firms in particular and encouraging them to take on more apprentices. We are getting a very good response to that. There is obviously a skills shortage. They are aware that they need to make sure that more people are available in that space otherwise they are at risk of losing their skilled staff to the defence sector. There is a very cooperative attitude out there. We are working with industry in order to ensure that we are meeting the skills demands of the shipbuilding and submarine-building industry.

**The Hon. A. KOUTSANTONIS:** My final question before we do the omnibus questions is: can the minister assure the committee that the government's changes to aggregation and land tax will have no negative impact on unemployment?

**The Hon. D.G. PISONI:** That is a question that you will need to direct to the Treasurer. I am not responsible for the collection of land tax.

**The Hon. A. KOUTSANTONIS:** I was not asking you about the collection of land tax.

**The CHAIR:** Member for Cheltenham, you are reading the omnibus questions?

**Mr SZAKACS:** Thank you, sir. The omnibus questions are:

1. For each department and agency reporting to the minister:
  - What is the actual FTE count at 30 June 2019 and the projected actual FTE count for each year of the forward estimates?
  - What is the total employment cost for each year of the forward estimates?
  - What is the notional FTE job reduction target that has been agreed with Treasury for each year of the forward estimates?
  - Does the agency or department expect to meet the target in each year of the forward estimates?
  - How many TVSPs are estimated to be required to meet FTE reductions over the forward estimates?

2. Between 1 July 2018 and 30 June 2019, will the minister list the job title and total employment cost of each position with a total estimated cost of \$100,000 or more which has either (1) been abolished and (2) which has been created.

3. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 between 1 July 2018 and 30 June 2019 for all departments and agencies reporting to the minister, listing:

- the name of the consultant, contractor or service supplier;
- cost;
- work undertaken;
- reason for engaging the contractor, and
- method of appointment?

4. For each department and agency for which the minister has responsibility:

- How many FTEs were employed to provide communication and promotion activities in 2018-19 and what was their employment expense?
- How many FTEs are budgeted to provide communication and promotion activities in 2019-20, 2020-21, 2021-22 and 2022-23 and what is their estimated employment expense?
- The total cost of government-paid advertising, including campaigns, across all mediums in 2018-19 and budgeted cost for 2019-20.

5. For each department and agency reporting to the minister, please provide a full itemised breakdown of attraction and retention allowances as well as non-salary benefits paid to public servants and contracts between 1 July 2018 and 30 June 2019.

6. What is the title and total employment cost of each individual staff member in the minister's office as at 30 June 2019, including all departmental employees seconded to ministerial offices?

7. For each department and agency reporting to the minister, could you detail:

- (a) How much was spent on targeted voluntary separation packages in 2018-19?
- (b) What department funded these TVSPs? (except for DTF Estimates)
- (c) What number of TVSPs were funded?
- (d) What is the budget for targeted voluntary separation packages for financial years included in the forward estimates (by year), and how are these packages funded?
- (e) What is the breakdown per agency/branch of targeted voluntary separation packages for financial years included in the forward estimates (by year) by FTEs?

8. For each department and agency reporting to the minister, how many executive terminations have occurred since 1 July 2018 and what is the value of executive termination payments made?

9. For each department and agency reporting to the minister, what new executive appointments have been made since 1 July 2018, and what is the annual salary, and total employment cost for each position?

10. For each department and agency reporting to the minister, how many employees have been declared excess, how long has each employee been declared excess, and what is the salary of each excess employee?

11. In the 2018-19 financial year, for all departments and agencies reporting to the minister, what underspending on operating programs (1) was and (2) was not approved by cabinet for carryover expenditure in 2019-20?

12. In the 2018-19 financial year, for all departments and agencies reporting to the minister, what underspending on investing or capital projects or programs (1) was and (2) was not approved by cabinet for carryover expenditure in 2019-20? How was much sought and how much was approved?

13. For each grant program or fund the minister is responsible for please provide the following information for 2018-19, 2019-20, 2020-21 and 2021-22 financial years:

- (a) Name of the program or fund;
- (b) The purpose of the program or fund;
- (c) Balance of the grant program or fund;
- (d) Budgeted (or actual) expenditure from the program or fund;
- (e) Budgeted (or actual) payments into the program or fund;
- (f) Carryovers into or from the program or fund; and
- (g) Details, including the value and beneficiary, of any commitments already made to be funded from the program or fund.

14. For the period of 1 July 2018 to 30 June 2019, provide a breakdown of all grants paid by the department/agency that report to the minister, including when the payment was made to the recipient, and when the grant agreement was signed by both parties.

15. For each year of the forward estimates, please provide the name and budgeted expenditure across the 2019-20, 2020-21, 2021-22 and 2022-23 financial years for each individual investing expenditure project administered by or on behalf of all departments and agencies reporting to the minister.

16. For each year of the forward estimates, please provide the name and budget for each individual program administered by or on behalf of all departments and agencies reporting to the minister.

17. For each department and agency reporting to the minister, what is the total cost of machinery of government changes since 1 July 2018 and please provide a breakdown of those costs?

18. For each department and agency reporting to the minister, what new sections of your department or agency have been established since 1 July 2018 and what is their purpose?

19. For each department and agency reporting to the minister:

- What savings targets have been set for each year of the forward estimates?
- What measures are you implementing to meet your savings target?
- What is the estimated FTE impact of these measures?

**The CHAIR:** Well done, member for Cheltenham.

**Mr SZAKACS:** With a couple of minutes to spare.

**The CHAIR:** We do. This session is scheduled to finish at midday. At two minutes to, the member for King has a question.

**Mr SZAKACS:** Come on!

**The CHAIR:** The member for King has the call.

**Ms LUETHEN:** Thank you. My question is to the minister. How is the government supporting pathways to learning and work for people who are experiencing difficulties in participating?

**The Hon. Z.L. BETTISON:** Point of order.

**The CHAIR:** Yes, I take your point of order. We need a budget line, member for King.

**Ms LUETHEN:** I am sorry. I refer to Budget Paper 4, Agency Statement, Volume 3, page 112, program 2.

**The CHAIR:** Minister.

**The Hon. D.G. PISONI:** Thank you, sir, and I thank the member for her question. I know that the member for King is extremely interested in pathways for work for young people, in her constituency in particular.

A priority of the government is to create as many opportunities as possible for South Australians to work. We are focussed on building lasting careers and the skilled workforce needed to achieve our economic growth agenda, because we know that economic growth will generate jobs here in South Australia.

The government is meeting its obligations for the delivery of services to jobseekers. The commonwealth government makes the largest investment, spending nearly \$8 billion from 2018-19 and over the forward years through the Jobactive and connected initiatives that target a range of cohorts needing vocational and non-vocational supports to enter or re-enter the workforce.

An important part of anyone's journey to work is skills and training. The Marshall government is making a significant investment here, including supporting people needing additional help to be successful. Firstly, we continue to offer Subsidised Training List courses to South Australians, especially those without a non-school qualification, who are unemployed or who require foundation literacy and numeracy skills.

In 2018-19, approximately \$125 million in subsidies has been invested in 38,000 South Australians who were skilled for the first time, or skilling for work or addressing their foundation skills needs. Our investment in foundation skills is delivered through a range of settings, in classrooms and community centres, and we recognise the importance of foundation skills for people entering the workforce and for our businesses, that require workers with better foundation skills levels to lift business efficiency and drive productivity gains.

Secondly, we are investing significantly in skills and training for young people. In 2018-19, approximately \$114 million has been invested in training for young people up to 24 years of age, and in 2018-19 approximately \$17 million has been invested in mature age people over the age of 45.

We have also invested nearly \$2 million over the last two years in vocational and non-vocational supports for people through Learner Support Services. Learner Support Services help VET students needing support to address life, learning and other issues to be successful in their training. In addition, an extra \$1 million was made available through our Skilling South Australia initiative for Learner Support Services for people needing support during a traineeship or apprenticeship.

The latest NCVER report shows that our reforms are having a positive impact. We are now increasing government-funded VET student numbers in the following cohorts:

- females—an increase of 0.5 per cent against a national decrease of 0.5 per cent;
- young people aged 24 years and under—an increase of 0.8 per cent against a national decrease of 1.9 per cent;
- Aboriginal people—an increase of 2.4 per cent, above a national increase of 1.8 per cent;
- those reporting a disability—an increase of 7.4 per cent, above the national increase of 0.4 per cent;
- apprentices and trainees—an increase of 5.8 per cent, above a national increase of 1.8 per cent; and
- school-enrolled students—an increase of 10.2 per cent against a national decrease of 5.6 per cent.



The government's significant investment in lifting the number of trainees and apprentices through Skilling South Australia is creating opportunities for young people who are considering a skilled career across a significant range of occupations. There are now 853 courses available for funding by all providers—

**Mr SZAKACS:** Point of order: the allocated time for this session has concluded.

**The CHAIR:** Thank you, member for Cheltenham; I have considered that. The minister is giving a fulsome answer. I am happy for him to continue with that. I will extend the break until 12.20, when we have a break, and I am happy still to allow a full hour for the next session. You are concluding your answer shortly, minister?

**The Hon. D.G. PISONI:** It is disappointing that the member for Cheltenham does not like good news. There are 853 courses available for funding on demand and unlimited through training contracts. We are supporting the creation of training and job pathways for Aboriginal South Australians through targeted investments in TAFE SA's Aboriginal Access Centre (\$6.5 million in 2018-19) and Tauondi College (\$2.5 million in 2019-20).

The government's focus remains strongly on opportunities for all South Australians by our investment in skilled careers, growing the number of apprentices and trainees, increasing the responsiveness of our training system and ensuring industry's voice helps shape our decision-making.

**The CHAIR:** Thank you, minister. The member for Hammond has the call.

**Mr PEDERICK:** I move:

That the sitting of the committee be suspended until 12.20, under your direction, sir.

**Mr SZAKACS:** A point of clarification, sir: did you extend the session in your previous remarks until five minutes past 12 or did you—

**The CHAIR:** We do not need to.

**Mr SZAKACS:** No, did you?

**The CHAIR:** What I am suggesting is that when we come back at 12.20 we still have a full hour of questions on migration. Are you happy with that? Alright.

Motion carried.

*Sitting suspended from 12:04 to 12:20.*

#### **Membership:**

Hon. L.W.K. Bignell substituted for Hon. A. Koutsantonis.

#### **Departmental Advisers:**

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

Ms N. Chandler, Executive Director, Strategy, Policy and Migration, Department for Innovation and Skills.

Ms P. Chau, Executive Director, Performance and Business Operations, Department for Innovation and Skills.

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

Ms M. Richardson, Executive Director, Skills and Workforce Capability, Department for Innovation and Skills.

Ms L. Newstead, Director, Strategic Policy and Projects, Department for Innovation and Skills.

Mr M. Smith, Director, Finance and Procurement, Department for Innovation and Skills.

Mr P. Grifoni, Business Migration Program Manager, Immigration SA, Department for Innovation and Skills.

Ms D. Casale, Manager, Skilled Arrival Services, Immigration SA, Department for Innovation and Skills.

**The CHAIR:** Welcome back after that short break. For the committee's information, we are dealing with migration as part of the Department for Innovation and Skills. Minister, I invite you to introduce your advisers for this segment and make a short statement if you wish to.

**The Hon. D.G. PISONI:** Certainly, thank you. Sitting to my left is Mr Mark Duffy, the Chief Executive of the Department for Innovation and Skills. To his left is Miss Phuong Chau, Executive Director, Performance and Business Operations, and to my right is Nari Chandler, Executive Director, Strategy, Policy and Migration. I have an opening statement.

**The CHAIR:** Before you do that, minister, I advise that the member for West Torrens has requested to be discharged and has been replaced by the member for Mawson.

**The Hon. D.G. PISONI:** While the government Skilling South Australia initiative is helping more people to get the skills and qualifications to meet our future work needs, there are some skills and levels of experience we need right now but we simply do not have. That is why the government is supporting local businesses to cast a wider net and breathe new life into the economy with targeted skill migration. On the back of the success of our skilled and business migration programs, we have negotiated increased caps with the Australian government so that businesses can continue to grow and new investment can continue to flow into South Australia, developing more jobs for South Australians.

To complement our existing skilled visa migration program, we have partnered with the Australian government on two new Designated Area Migration Agreements (DAMAs) to increase our local skills base, create more jobs and fill workforce gaps, particularly in regional South Australia. The DAMAs provide an avenue for businesses to sponsor skilled overseas workers for positions they are unable to fill with local workers so that their plans for growth are not constrained by access to skilled workers.

The Adelaide City Technology and Innovation Advancement Agreement covers the Adelaide metropolitan area and focuses on high-tech growth industries, including defence, space technology and advanced manufacturing. The South Australian Regional Workforce Agreement covers the entire state, with a focus on rural and regional growth industries, including agribusiness, forestry, health and social services, tourism and hospitality, construction, and mining.

Concessions to standard visa requirements will help employers attract the right people while still ensuring that Australian workers will come first. Employers must demonstrate that they cannot get a local worker for the role and that it cannot be filled by an apprentice or a trainee. An important objective of the DAMAs is to promote the training of Australians by business entering into a DAMA labour agreement. This allows us to work with employers to plan for jobs for the future and to have local people ready to fill those positions.

We are working closely with Regional Development Australia and other important networks to make sure that we are continuing to meet the needs of local communities and businesses. For some communities, the inability to attract workers can impact on the viability of local businesses, schools, medical facilities and even the community groups and sports groups that are part of the fabric of regional South Australia.

Whilst skilled migration through access to labour shortages and skills gaps is one part of the equation, the government is also recognising the values of business migration to South Australia. We have experienced growing interest in our business migration program. In 2017-18, 549 prospective business migrants were nominated for the business visas. The number grew to more than 700 in 2018-19. To maximise the opportunities arising for business migration, we have committed \$3.4 million over four years to connect business migrants with local businesses.

In 2019-20, \$679,000 of this investment will support Immigration SA to identify and capture new investment and trade opportunities. This is expected to generate an additional \$250 million in investment activity and \$300 million in exports. In addition, our Supporting Innovation in South Australia visa is attracting promising seed-stage entrepreneurs for our state to develop their ideas and bring them to life.

This new visa was part of an election commitment by the Marshall government, and it contributes to the state's innovative ecosystem by attracting high-calibre entrepreneurs to advance the innovative ventures right here in South Australia and to partner with South Australians. We have systems in place to ensure that candidates coming to South Australia under this visa type complement the work of our own entrepreneurs.

The government is working hard to sustain and grow South Australia's metropolitan and regional communities by attracting skilled workers to fill vacancies that cannot otherwise be filled and to bring new investment to boost our business community. Rather than taking jobs from local people, our efforts in skilled and business migration are keenly focused on making sure that there are opportunities for South Australians to access and acquire the skills our economy needs to grow now and into the future.

**The CHAIR:** Thank you, minister. I invite questions from members of the committee. The member for Ramsay seeks the floor.

**The Hon. Z.L. BETTISON:** Minister, I reference Budget Paper 4, Volume 3, Program 3: Migration, page 115. Why is your target for business migration nominations lower for 2019-20 than the number achieved in the financial year of 2018-19?

**The Hon. D.G. PISONI:** Given that the actual number of nominations achieved in 2017-18 was 549, the articulation of 550 in the 2018-19 target sought to maintain at least the same level of migration as in the previous year. The at least 600 target on page 115 of the 2019-20 Agency Statement represents an incremental increase on the 2018-19 target.

Our performance indicator of 700 is included in the formal performance measures on page 117. This represents the same approach as setting the formal target for the 2018-19 year; that is, it seeks to maintain what was achieved in the previous year. As of 24 June 2019, 702 business visa nominations have been made by Immigration SA. This is considered to be achievable if there is no substantial change to the business investment visa program or the business investment climate for migrants.

**The Hon. Z.L. BETTISON:** Minister, I am a little unclear why you have presented this in different ways. In the highlights of 2018-19, it states that you have exceeded state nomination targets and refers to 650 business migration nominations. Then, in your targets of 2019-20, it states to achieve 'at least 600 business migration nominations.' Why have not you been consistent with your language here?

**The Hon. D.G. PISONI:** I have just covered that with the previous answer.

**The Hon. Z.L. BETTISON:** Why is there no intention to increase the target of skilled migration nominations?

**The Hon. D.G. PISONI:** I think it is fair to say that we have the intention of increasing all growth mechanisms in South Australia. With regard to the figures you are referring to in the budget, I covered that in my previous answer.

**The Hon. Z.L. BETTISON:** So you are satisfied with the fact that last financial year you said that you intended to exceed 3,000 skilled migration nominations and that your target—of at least 3,000 skilled migrations—remains the same; is that correct?

**The Hon. D.G. PISONI:** The target for skilled nominations for the 2018-19 year was originally set at 2½ thousand; however, a higher allocation of state nominations for this program was negotiated with the Australian government. It is part of the broader strategy to grow the South Australian population. Subsequently, a revised target of 3,000 nominations was set and achieved in June 2019.

From 1 July 2018, the Australian government raised the points pass mark for general skilled migrants to 65 points. The overall raising of the minimum points is designed to bring in a higher calibre of migrant to Australia, meaning that they will need to achieve higher levels of English, which is linked to employability, additional experience and higher qualifications. A state nomination provides five to 10 points towards the applicant's points score, depending on the visa type, resulting in the increased popularity of the state-nominated visas.

The target for business nominations for 2018-19 was initially set at 550; however, a higher allocation for state nominations was negotiated with the Australian government for the program year 2018-19 due to a strong demand from overseas businesspeople seeking to invest and live in South Australia. Subsequently, a revised target of 700 nominations was set and achieved in June 2019. Under the provisional visa, a migrant is required to demonstrate that they are able to stay and work in South Australia for a minimum of three years.

As you can see, many of the levers that the state government relies on are controlled by the federal government. We are doing what we can to make sure we get the best outcome for South Australia from those federal policies.

**The Hon. Z.L. BETTISON:** You are satisfied that the 3,000 skilled migration nomination target is adequate? I am just a little bit surprised that there was not a more bold agenda.

**The Hon. D.G. PISONI:** I am always satisfied with more. The facts are that we have developed a very good relationship with the federal government. The federal government is very keen to help South Australia achieve its skilled migration targets and growth in the South Australian economy. I am certainly confident that we will continue to see growth in skilled migration in South Australia.

**The Hon. Z.L. BETTISON:** Can you provide an everyday explanation of the target that states, 'Increase the proportion of nominations for the provisional visa to 70 per cent of overall skilled migration'? What does this actually mean?

**The Hon. D.G. PISONI:** Under the provisional visa, a migrant is required to demonstrate they are able to stay and work in South Australia for a minimum of three years. The permanent residency visa does not have the same requirement. Over the past few years, Immigration SA has sought to increase the proportion of provisional visas to support greater retention of state-nominated migrants in South Australia. In 2019-20, a target has been set for 70 per cent of all skilled migration nominations to be provisional visas. This will be achieved through revised assessment criteria. The focus here is that we are much more interested in skilled migrants coming to South Australia if they want to make South Australia their home.

**The Hon. Z.L. BETTISON:** Just to clarify in much clearer language, the ambition here for each of the years going forward is to reach 70 per cent of people who come through having a three-year visa condition; is that right?

**The Hon. D.G. PISONI:** Yes, and those three-year visa conditions can lead to permanent residency. We know that there are regional communities crying out for skilled labour and crying out for students in their schools. I was very pleased that as part of the skilled migration program the education minister removed the Labor-imposed fees that skilled migrants had to pay to send their kids to government regional schools in South Australia. We saw punishing migrants living in regional South Australia as a retrograde step. We do have some levers that we can pull to try to get the best possible outcome for regional South Australia. We are looking for every lever that we can pull and we are pulling them as hard as we can.

**The Hon. Z.L. BETTISON:** If one does not have a provisional visa, what is the length of time, on average, that one would be given a visa for?

**The Hon. D.G. PISONI:** I think we would have to come back to you on that. One of the things I have learnt since having this portfolio since April is that it is extremely complex, particularly the visa types and the conditions of those visas. We are focusing on the visas that suit South Australia and we are focusing on skilled migrants who come to South Australia being here for the long term.

**The CHAIR:** The minister has indicated that he will get back to you on that one. I am going to go to the government side. The member for Hammond has a question.

**Mr PEDERICK:** My question refers to Budget Paper 4, Volume 3, program 3, page 115, highlights. To what extent is the lack of access to skilled workers a constraint to business growth in South Australia? In addition to focusing our efforts on training local people for future skills requirements, what else can we do to ensure that businesses have access to skilled workers?

**The Hon. D.G. PISONI:** I thank the member for the question. I have to say that I am extremely impressed with the local engagement in the skills process in the Murraylands. I have been to Murray Bridge on a number of occasions now, including for the apprenticeship awards. It was great to see so many young people engaging in apprenticeships in the Murraylands. Opportunities are there for young people.

Critical skills shortages in South Australia are holding back business expansion and economic growth. The South Australian government is determined to create more jobs and is already training more people under the partnership with the Australian government, the Skilling South Australia program. The program is an initiative creating an additional 20,800 apprentices and trainees.

In addition to the Skilling South Australia initiative, skilled migration breathes new life into the South Australian economy by introducing needed skills, capabilities and experience. Skilled migration helps businesses fill workplace gaps, which in turn will lead to growth and expansion and the creation of new local employment opportunities for all South Australians. South Australia has the ability to dominate skilled migrants under the Australian government's Skilled Migration Program in occupations that are a priority to South Australia.

In 2018-19, South Australia nominated over 3,000 skilled migrants, which is an increase of 20 per cent on the previous year. I am working closely with the Australian government Minister for Immigration, Citizenship, Migrant Services and Multicultural Affairs to progress the South Australian migration priorities, which include continuing to increase South Australia's share of skilled migrants, faster processing times and priority processing, and ensuring regional visas are attractive for potential skilled migrants to encourage them to stay in regional South Australia and South Australia in general.

This government recognises that skilled migrants and their families make a valuable contribution to South Australia's economy, and we are committed to our strategy to grow South Australia's skilled workforce and our population. I think a point that you have raised with me, member for Hammond, is that half the jobs that are advertised in regional South Australia remain unfilled. Of course, this is a massive constraint on the growth of those industries. Many of them are skill sets that are not available in regional South Australia and the spin-offs in local jobs that those businesses will deliver through their growth are in many of the other related industries.

If you are producing a bulk product, for example, and you are producing more of it because you have the labour that you need to do that, more local truck drivers will be employed and more local mechanics will be employed, so it has a very strong snowball effect for the general community. Of course, there will be more kids in schools and schools will be more vibrant and at less risk of closing.

**The Hon. Z.L. BETTISON:** I am staying with Budget Paper 4, Volume 3, program 3, page 115, highlights, where you talk about negotiating and signing two of the DAMA agreements with the commonwealth. I have a question in regard to some of the changes from the federal government. There has been a proposal or a suggestion that the federal government has insisted on skills assessments for a raft of occupations that would previously not have been subject to skills assessments before the DAMA. Can you make a comment about that? We have celebrated the DAMAs, but the commonwealth has obviously come back with some changes.

**The Hon. D.G. PISONI:** I understand that additional positions have been made available through various visas and through the DAMA. Some of those will require some skills assessment.

**The Hon. Z.L. BETTISON:** Minister, can you give us some examples of what did not require a skills assessment previously but does now require one post the DAMAs?

**The Hon. D.G. PISONI:** We will have to come back to you with that, I think.

**The Hon. Z.L. BETTISON:** Can I get you to take that on notice and detail all the occupations that have changed, because obviously that requires extra time and processing and a requirement to have that skills assessment?

**The Hon. D.G. PISONI:** We will do our best to get that back by the required time, but it might take a bit longer.

**The Hon. Z.L. BETTISON:** Looking at the same section but moving on to page 116, I refer to the explanation of significant movements. What is the increase to the migration fee following your review of cost recovery arrangements?

**The Hon. D.G. PISONI:** Fees for state-nominated and business visa applications were introduced in South Australia in 2015-16 under the previous government, and remain equal lowest fees set by other jurisdictions. Some other jurisdictions still do not have fees, although I understand that at least two of them are planning to do so. At the time, the South Australian government implemented a policy not to index fees annually, with any increases to occur only after an assessment of market conditions.

I understand that the introduction of fees has not been an impediment to visa applications. In fact, in response to increasing demand, the Australian government has recently responded favourably to a request to increase the state-nominated skilled migration cap from 4,000 to 5,000 per annum, and to increase the business migration cap from 705 to 780. This will support businesses in the state whose growth has been constrained by the access of appropriately skilled staff.

The Australian government requires any fees charged to process these visas to be on the basis of cost recovery, so the department is currently undertaking a full review of existing and potential fees, in line with the Australian government's cost recovery guidelines. These will inform the appropriate levels of fees for future years. I think the bottom line in plain language, member for Ramsay, is that Australia is a pretty attractive place for people to come to, and the fees have been no impediment to the inquires.

**The Hon. Z.L. BETTISON:** Minister, while we can agree that South Australia is a wonderful place to migrate to, you did not answer my question. What is the actual increase to the migration fee? Can you detail the previous fee cost and what you are now charging people?

**The Hon. D.G. PISONI:** I did answer that question: I said there is a review of the fees at the moment.

**The Hon. Z.L. BETTISON:** But you have increased them?

**The Hon. D.G. PISONI:** There is a figure in the budget papers. My understanding is that the review—there is a 10 per cent increase on the fees that you introduced when you were in government, and there is a continual review on those fees.

**The Hon. Z.L. BETTISON:** The 10 per cent increase started on 1 July of this year?

**The Hon. D.G. PISONI:** Subject to the regulations.

**The Hon. Z.L. BETTISON:** Certainly, but what I hear from your statement that you are going to do a review about cost recovery, the likelihood is that these fees will increase?

**The Hon. D.G. PISONI:** Yes, the federal government is very comfortable with a full cost recovery. We have the view that existing taxpayers in South Australia do not necessarily have a responsibility to pay for migrant visas. There is a relationship between employers and the migrants themselves who want to come to South Australia.

We think it is fair and reasonable that, because they are not yet taxpayers or residents of South Australia, they pay the full cost recovery. We think that is fair and reasonable. We do not think it is reasonable to tax South Australians for providing that service to people who are planning to come to South Australia.

**The Hon. Z.L. BETTISON:** You increased these business visas by 10 per cent on 1 July. You are doing some work to look at what might be a cost recovery model. What is your expectation? Will there be another 10 per cent increase?

**The Hon. D.G. PISONI:** It will be subject to the cost. I cannot be any clearer. Obviously, if we had that figure then we could release it, but we are still determining what that figure is. As soon as we have that figure, we will not want to continue charging fees that do not recover cost, so we will be implementing the cost recovery figure as soon as we can.

**The Hon. Z.L. BETTISON:** I am just a little curious, minister, because you just said that you have removed some costs for the children of new migrants to attend public schools and that you have reduced those fees, but you do not seem to think that a potential 10 per cent plus, plus, plus increase will affect business visas. I am just curious to know your understanding of that.

**The Hon. D.G. PISONI:** Well, I can satisfy your curiosity. When those skilled migrants are working in South Australia, they are paying taxes in South Australia. I think it is a very easy division between funding people who do not live in Australia with taxpayers' money and supporting people who are making a commitment to South Australia, working in South Australia and paying taxes in South Australia to have access to the facilities delivered by the taxes they pay while they are working in South Australia. It is pretty simple. There is no rocket science there.

**The Hon. Z.L. BETTISON:** Minister, can you give me a guideline on the time it will take you to do this modelling and when you expect the next fee rise to occur?

**The Hon. D.G. PISONI:** That modelling is happening as we speak. I have not been briefed on an expected time line. We are focusing on delivering the skilled migration program. Obviously, the fees are part of that, but we are much more interested in making sure that we are processing visas as quickly as we can. We will get to the adjustment in the fees through the normal processes of government administration.

**The Hon. Z.L. BETTISON:** I guess what we are hearing today is that any potential migrants listening to the feed—

**The Hon. D.G. PISONI:** Get in quick; that's right. Get in quick, that's what I say.

**The Hon. Z.L. BETTISON:** —should get in now. It has increased by 10 per cent—

**The Hon. D.G. PISONI:** Take advantage of the sale now on.

**The Hon. Z.L. BETTISON:** —but it may increase substantially more once you have done this cost recovery. How are you going to model the cost recovery arrangements?

**The Hon. D.G. PISONI:** That is a matter for the department. They have their cost structures. People are paid an hourly rate, and there are add-on costs to that hourly rate. I imagine that the standard levers, the standard measures used in all government departments, will be used in order to determine the cost. I am informed that the department is currently undertaking a full review of existing and potential fees in line with the Australian government's recovery guidelines. This will inform the appropriate level. The federal government has an expectation. Obviously, if our costs fall outside that expectation, we will need to take that up with the federal government.

**The CHAIR:** Member for Ramsay, I will come back to you. I know that the member for Hammond has a particular interest in this topic and has a further question.

**Mr PEDERICK:** Thank you, Chair. My question refers to Budget Paper 4, Volume 3, program 3, page 115, highlights. How will Designated Area Migration Agreements benefit South Australians who are looking for work, rather than using migrant workers to fill job vacancies?

**The Hon. D.G. PISONI:** I thank the member for Hammond for the question. I think it is important we understand that critical skills shortages in South Australia are holding back economic growth, exports and employment. Skilled migration can breathe new life into the South Australian economy by introducing much-needed capabilities and experience where they are currently lacking. We know that many businesses, particularly in rural and regional areas, struggle to attract and retain workers. This is limiting the opportunities for many South Australians to grow their business and employ people in other skill sets that may not be available without that growth.

Our new Designated Area Migration Agreements (DAMAs), a partnership between the federal and state governments, will fill existing workforce skills gaps and create more jobs. Local businesses will be able to sponsor skilled overseas workers for positions that are unable to be filled

with local workers. Before businesses can access skilled workers, under the DAMAs they must demonstrate that they cannot fill the position locally with Australian workers or that the position cannot be undertaken by an apprentice or a trainee.

Australian workers will always be a priority but, where there are skills shortages, the DAMAs will help businesses to fill workforce gaps, which in turn will lead to growth and expansion and create new local employment opportunities for all South Australians. Our DAMAs will deliver more flexibility for businesses to deal with immediate skills shortages and, importantly, help us to attract the global experts we need to grow, mentor and skill the next generations of the South Australian workforce.

An important point there is that engineering skills are very difficult to get in regional South Australia. Certainly, many of the engineering firms I have been visiting in regional South Australia since taking on this role, in terms of the maximum capacity of apprentices against the ratios need more tradespeople in order to take on more apprentices. They cannot get those tradespeople locally, so they are interested now in using the DAMA process to bring those tradespeople to their factories so they can employ more apprentices.

You can see there is a broad economic benefit, a benefit obviously for the business and also for locals, who will then be given opportunities. There are obviously things like the corner store, the 7-Eleven, the pub, the school; all the people employed in those areas will have more job opportunities with the higher populations that we are aiming to achieve in regional South Australia in particular.

**The Hon. Z.L. BETTISON:** I refer to Budget Paper 4, Volume 3, Program 3: Migration, page 115. What is the current average wait time for these applications?

**The Hon. D.G. PISONI:** The department does not have a lot of control over the wait times. We are working diligently with the federal minister as identify where the barriers are to see what the federal government is prepared to do to help us speed up the process. I have a meeting scheduled with minister Coleman next month, and I have a list of issues that I will be raising with him. Do we have an indication of how long it takes now? I am advised that it varies from visa to visa and is very much driven by the commonwealth. However, of course we want to take full advantage of the fact that the commonwealth government is very interested in making this work in South Australia.

**The Hon. Z.L. BETTISON:** Do you have a wait time target for state-nominated applications? Obviously, if you are going to have this conversation with minister Coleman, do we have a target from our end that we are focusing on?

**The Hon. D.G. PISONI:** We would like it done as soon as possible. I think we need to have respectful and realistic discussions with the minister. We have quite a bit of detail that we want to discuss about the way that Immigration SA interacts with his department. I am very conscious of the fact that we will get an outcome. We do have a very strong priority for visas for regional South Australia.

As I said earlier in my answer to the member for Hammond, 50 per cent of jobs advertised in regional South Australia remain unfilled. Fifty per cent of our merchantable exports come from South Australia, 28 per cent are from regional South Australia and 28 per cent of our population lives in regional South Australia, so, as you can see, they are punching well above their weight but they are being constrained by the skills shortages. I understand that the commonwealth has agreed to work with us to prioritise regional visa applications.

**The Hon. Z.L. BETTISON:** That is good. Minister, on 3 July the state-nominated application round opened. I understand that from midday that day the site crashed and did not open again until 3pm the following day, on 4 July. How many applications were affected as a result of this downtime?

**The Hon. D.G. PISONI:** I think the real question should be: are you surprised at the amount of interest that it was generating? I think that it is—

**The Hon. Z.L. BETTISON:** No, minister. The question is: our website crashed—

**Mr SZAKACS:** Point of order, sir.

**The CHAIR:** There is a point of order, minister, from the member for Cheltenham.



**Mr SZAKACS:** The minister literally just attempted to rephrase and verbal the question that was posed to him. It is at his liberty to answer as he sees fit but not to rephrase the question as he sees fit.

**The CHAIR:** You are quite right: the minister is able to answer the question as he sees fit. Unfortunately, I was talking with the member for Hammond at that very moment, so I missed that, but I will ask the minister to answer the question.

**The Hon. D.G. PISONI:** It was actually a rhetorical question, sir, so as part of my—

**The Hon. Z.L. BETTISON:** Chair, perhaps I could help—

**The CHAIR:** Perhaps we will go back a step, minister, and I will get the member for Ramsay to ask the question again.

**The Hon. D.G. PISONI:** No, I do not need it again.

**The CHAIR:** You do not need it again?

**The Hon. D.G. PISONI:** I do not need it again; I understand the question. The South Australian General Skilled Migration Program for 2019-20 opened for applications on 3 July. In the first few hours of opening, Immigration SA experienced an unprecedented volume of users—it is a good sign: people like South Australia—which resulted in the online application system being temporarily unavailable. These technical issues were resolved quickly and the system was back online on 4 July. I understand that Immigration SA received 1,300 applications in approximately 24 hours, where in previous years it would be around 300.

We are very pleased that the message has got out that South Australia is open for business, that we are a welcoming place. We want people to consider South Australia as their home because we want to grow the economy by implementing their skills in the businesses here in South Australia so that we can generate more jobs for South Australians. As a result of the unprecedented volume, there is a backlog of applicants who need to go through the processing phase over the next few months.

**The Hon. Z.L. BETTISON:** Minister, obviously that will impact our wait time, but my serious question is: will this downtime affect the procedural fairness of this round of state-nominated applications?

**The Hon. D.G. PISONI:** The applications are not assessed by South Australia; they are assessed by the federal government.

**The Hon. Z.L. BETTISON:** I think you might be incorrect.

**The Hon. D.G. PISONI:** Immigration is the responsibility of the federal government. They assess them after we look at them and move them into the next process. There is no procedural unfairness. The department is being diligent and non-discriminatory in the way that it is managing these applications.

**The Hon. Z.L. BETTISON:** Moving to Budget Paper 4, Volume 3, page 105, on a headcount basis, how many people work in Immigration SA?

**The Hon. D.G. PISONI:** It is around 25 at the moment, but we can bring back an exact figure for you.

**The Hon. Z.L. BETTISON:** So 25 people on a headcount basis work in Immigration SA. How many people with more than five years' experience are left?

**The Hon. D.G. PISONI:** We will have to take that on notice.

**The Hon. Z.L. BETTISON:** How many case managers are working for Immigration SA?

**The Hon. D.G. PISONI:** I think it is fair to say that the department has taken over the responsibility of Immigration SA only since 1 April. Amongst the MOG changes you will also notice in the budget papers that there are savings targets. There is some organisational change happening within the department. We do not have that process completed yet; it is still happening, so I cannot really give you any concrete figures in that space at the moment.

I do know that Immigration SA was in a difficult space when we came to office when it was sitting in DSD after it moved into DTTI, and we are working on making sure that Immigration SA has the resources it needs to deliver the government agenda.

**Mr PEDERICK:** My question is in relation to Budget Paper 4, Volume 3, program 3, page 115, highlights. How does South Australia's business migration program support economic development in the regions, particularly as most business migrants settle in metropolitan Adelaide?

**The Hon. D.G. PISONI:** Thank you, member for Hammond. Business migrants provide a rich source of financial investment into South Australia, which benefits the state as a whole. There is a strong demand from overseas businesspeople seeking to invest and live in South Australia. In the 2018-19 year, the government of South Australia nominated over 700 prospective businesspeople, a nearly 30 per cent increase in nominations from the previous year.

To come to South Australia, business migrants must commit to having a genuine intention to live in South Australia and must also commit to meet 'benefit to state requirements'. These requirements are met through job creation, direct investment into new or existing businesses or exporting South Australian-produced goods and services.

The majority of business migrants are exporters, which creates flow-on benefits throughout the state and in regional areas. We saw some very good news released from minister Whetstone this year about the increase in wine exports out of South Australia—particularly increased prices, which is a very good sign.

The government is committed to supporting business migration and investment in South Australia by providing \$3.4 million over four years to increase state business migrants and investment for South Australia. This targeted investment in business migration will provide a service to connect business migrants with local businesses and support local industries to further capitalise on investment opportunities, which will lead to more private investment here in South Australia.

**The Hon. Z.L. BETTISON:** While I wish to defend my opposite minister, I am sure he paid adequate attention to Immigration SA before the MOG. I refer to Budget Paper 5, page 59, budget measures. Is the total allocated budget for this measure purely dedicated to staff wages?

**The Hon. D.G. PISONI:** I am advised that it is a combination of salaries and other goods and services.

**The Hon. Z.L. BETTISON:** I notice that you have an initiative to provide additional case managers to support a target increase for 1,000 business migrants nominations per annum; there is a note there. Does this per annum increase reflect in activity indicators for Immigration SA in 2019-20?

**The Hon. D.G. PISONI:** We certainly expect to have more activity driven in that space from the initiative.

**The Hon. Z.L. BETTISON:** I recall, in the targets that we spoke about in the beginning, that you said you were expecting to have at least 600 business migration nominations, yet here you are targeting 1,000 business migrant nominations per annum.

**The Hon. D.G. PISONI:** It is an increase over the next four years in this program. It is not a single year allocation; it is a four year allocation—

**The Hon. Z.L. BETTISON:** So the 1,000 is an increase over four—

**The Hon. D.G. PISONI:** I have not finished my answer. It is obviously subject to commonwealth allocations. In virtually everything we do in the Immigration SA space we need to work in collaboration with the federal government. They hold 99 per cent of the levers in this space. We are putting a very strong case forward, we are being very ambitious with what we want to achieve, and we are doing that understanding that we cannot do this without the cooperation of the federal government.

All the signs are that they are very cooperative and that they want to help us make this work but, member Ramsay, you have been in government and you know how government works; things can sometimes take longer than you hope. We have a very ambitious target for this program because

we do want to get those exports out the door, bring foreign currency into South Australia and deliver more jobs.

**The Hon. Z.L. BETTISON:** I am curious: at the moment you have 24 people as a headcount but you have a quite substantial efficiency dividend to achieve, and you are going to put on additional case managers. Where do you actually think you will land at the end of the forward estimates? How big or how small will Immigration SA be?

**The Hon. D.G. PISONI:** That is a process that is being worked through with the chief executive and his executive team. I do not get involved in that. The chief executive is well aware of the government's policy. We meet every Monday and discuss the progress the department has made in delivering government policy, but I certainly do not play any role in the formation or the make-up of the staff. That is a role for the chief executive, and he assures me that he will be able to deliver on the government's objectives.

**The Hon. Z.L. BETTISON:** Minister, given the importance that your government has placed on migration and population increase, I am a little surprised that we have only 24 people in the headcount. Do you think that this will be a particular focus for you in your role?

**The Hon. D.G. PISONI:** I refer to my previous answer. Staff allocation is not an area that I have responsibility for. I have every confidence that Mr Duffy will be able to deliver the government policy with the staff he has. He has advised me that he is going through a process within the department to ensure that he can allocate staff to particular departments based on the requirements for delivering government policy in the different areas, including in the skilled migration program.

**Mr PEDERICK:** My question refers to Budget Paper 4, Volume 3, program 3, page 115, highlights. Minister, what has been the uptake of the Supporting Innovation in South Australia (SISA) pilot, and how does it contribute to South Australia's innovation ecosystem?

**The Hon. D.G. PISONI:** Thank you very much, member for Hammond. The government has been successfully piloting the Supporting Innovation in South Australia visa—that is the entrepreneurial visa for short, if you like, member for Hammond—in partnership with the commonwealth government. This new visa is for budding entrepreneurs and aims to foster business growth and investment to make Adelaide the nation's start-up capital.

This visa encourages people to pursue their entrepreneurial activities here in South Australia rather than elsewhere. There has been considerable interest in SISA since it started in November 2018. In the seven months since it commenced, we have received around 60 applications from around the world and endorsed 28 of the applications. Of those to date, the commonwealth has granted nine visas, which include entrepreneurs in industries as diverse as technology and digital, food, wine and agtech, and advanced manufacturing.

Successful applicants have the opportunity to develop innovative ideas in South Australia, attend regular entrepreneurial innovative events and engage with local ecosystems to help them to develop and progress their businesses and even partner with local entrepreneurs. Support for an application from a prospective entrepreneur can be obtained from participating innovation ecosystem service providers such as the New Venture Institute at Flinders University, ThincLab at the Adelaide University, Moonshine Lab, the Innovation and Collaboration Centre at the University of South Australia and the Office of the Chief Entrepreneur.

South Australia's Office of the Chief Entrepreneur serves as a key point of contact to engage with entrepreneurs the services across industry and territory education sectors. Through the Chief Entrepreneur and the Future Industries eXchange for Entrepreneurship (FIXE, as we like to call it), South Australia is creating an innovation ecosystem facilitating high-quality education, skills and training programs to ensure entrepreneurial capability and providing support for business development and start-ups.

The Supporting Innovation in South Australia visa complements and enhances this new model for entrepreneurship by providing budding overseas entrepreneurs with the opportunity to contribute to South Australia's innovation ecosystem. The department is working closely with the Department of Foreign Affairs and Trade to promote this visa through its outposts. My department is

also working with the Department of Home Affairs to further develop the SISA pilot, which could enable greater utilisation of this visa here in South Australia.

**The Hon. Z.L. BETTISON:** I refer to Budget Paper 4, Volume 3, program 3. You expected 30 Supporting Innovation visas in 2018-19 but only achieved 15. Why was that? Why did you only achieve half?

**The Hon. D.G. PISONI:** I am advised that we actually achieved 28, as I highlighted in my answer to the member for Hammond's question. The program did start later than anticipated, so it was not a four-year result. I think it is fair to say that the number of applicants we received shows that there is a lot of interest in that program. It is really now a matter of making sure that we work with the federal government to ensure that the processing is as efficient as possible.

**The Hon. Z.L. BETTISON:** But why have you listed 15 as the estimated result?

**The Hon. D.G. PISONI:** That is the estimated result. What I have provided to the committee today is an updated number.

**The Hon. Z.L. BETTISON:** And that was?

**The Hon. D.G. PISONI:** Twenty-eight.

**The Hon. Z.L. BETTISON:** That is 13 in a very short period of time.

**The Hon. D.G. PISONI:** As I said, it started late. It was a standing start for this program, and obviously when something is a standing start it takes a while to wind it up.

**The Hon. Z.L. BETTISON:** You started late. Why did you start late?

**The Hon. D.G. PISONI:** As I said, this is a program that we need to deliver with the federal government. We cannot issue these visas ourselves. These visas need to be issued by the federal government. I think, member for Ramsay, that you yourself would know that government does not necessarily move as fast as you would like it to move.

**The Hon. Z.L. BETTISON:** Minister, I have high expectations. Obviously, you cannot blame the feds for this delay. These visas are really important, as articulated by your government. What hope do you have in the future that the commonwealth will not delay these processes?

**The Hon. D.G. PISONI:** We actually ended up with a pretty good deal from the federal government because of the delay to our targeted start. We actually got an extra 12 months' exclusivity on this visa, so we now have it until 2020 instead of it expiring this year. We are very pleased with that because we now have a more streamlined process through Canberra. As shown by the evidence I presented of the difference between the estimated number recorded in the budget papers and the updated figure I have provided to the committee, we are now getting a more efficient processing outcome.

**The Hon. Z.L. BETTISON:** Minister, why did you fall short by 30 per cent in the number of overseas qualification recognition services processed?

**The Hon. D.G. PISONI:** The short answer to that is that the activity is responsive to client needs and demand and has been slower than expected in 2018-19.

**The Hon. Z.L. BETTISON:** You are still only projecting 700 for this financial year.

**The Hon. D.G. PISONI:** We are always very happy to be ambitious in this skilled migration program, and we are geared up for that expectation so that we can handle it when it happens. If it does not happen, we are no worse off than we would have been had we not geared up for this and it did happen. The worst position we could be in is reaching our ambitious targets but not being in a position in the department to do our work to make sure that those visas are processed.

**The Hon. Z.L. BETTISON:** I think that what I am hearing today is a very polarised story. You are enthusiastic: you are going out there and saying that we have these new visa classes and that we want to increase multiculturalism—

**Mr PATTERSON:** Is that a statement or a question?

**The CHAIR:** Member for Ramsay—

**The Hon. Z.L. BETTISON:** I will come to my question. My concern here is—

**The CHAIR:** —I will just comment on the point of order. It is not unreasonable to build some context around a question in a committee, so I am comfortable at this stage, but you will get to your question, member for Ramsay.

**The Hon. Z.L. BETTISON:** Thank you.

**Mr SZAKACS:** Bogus.

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

**The Hon. Z.L. BETTISON:** I have grave concerns, hearing today that we have a 24 headcount, we are doing a review on the cost of visas, we are doing a review on the staffing levels and we do not have enough case managers. I really do not think that your rhetoric is living up to the reality. I am very concerned because we have an ambition here in South Australia that has been articulated by both you and the Premier to grow population. I feel that you are not being supported and, while your CE is very much responsible for staffing, minister, you are responsible to South Australians for the outcome. Am I accurate in my concerns?

**The Hon. D.G. PISONI:** I think it is fair to say that we are not being supported. We are not being supported by the opposition for our skilled migration program. The language that was used by the Leader of the Opposition was extraordinary when the DAMAs were announced, with the shadow treasurer trying to run a scare campaign and suggesting that migrants would be paid less than Australian workers.

**Mr SZAKACS:** It's fact.

**The Hon. D.G. PISONI:** It is not fact at all: it is an absolute lie—it is an absolute lie.

*Mr Szakacs interjecting:*

**The Hon. D.G. PISONI:** Mr Chair, I am answering a question.

**The CHAIR:** Order!

**The Hon. D.G. PISONI:** No migrant will be paid less than the award wages. All migrants receive exactly the same benefits that Australians receive, including superannuation contributions. What is lost in this whole debate, for those who favour the Pauline Hanson approach to this debate, is that there is a skills shortage here in South Australia. These are desperate measures by employers to spend tens of thousands of dollars bringing skilled migrants to fill positions they cannot fill locally. I can tell you that they want to fill those positions locally but they cannot fill those positions locally. It is a massive investment.

There is no guarantee that a skilled migrant, once they arrive in South Australia, will stay. They might not like it. There might be personal reasons. Guess what? There is no refund on the investment they have made to bring that skilled migrant to South Australia. This is not what employers do to make life easier for themselves or to have a source of labour that is cheaper than local labour because, first of all, it is not possible under the DAMA program, it is not possible under the skilled visa program and it is illegal under the Fair Work Act for anybody working in Australia to be paid less than award wages.

The DAMA has broadened the skills that are needed in South Australia, particularly for our agribusinesses in areas of regional South Australia. I know that the member for Hammond was very excited, and still is, about the 4,000 staff in Thomas Foods' meat processing. We need to ensure that that business can grow. I am led to believe that one of the decision points for the Thomas family to rebuild here in South Australia was that they would have access to skilled labour, through both our Skilling South Australia program and the skilled migration program. If it were not for a combination of those programs, those 4,000 jobs were at risk of going elsewhere.

**The Hon. Z.L. BETTISON:** Point of order: I ask the minister to come back to the substance of the question.

**The CHAIR:** Well, honestly, member for Ramsay, if you or any member ask a broad-ranging question, which you did, you invite a broad-ranging answer from the minister, but he is coming to his conclusion, I am sure.

**The Hon. D.G. PISONI:** Another important point is that anybody who has been involved in wage theft or had a poor employment record is disqualified from using the DAMA. As far as we are concerned, the DAMA is a front door for business here in South Australia. It is what international people see; it is the first thing they see about South Australia. We are protecting the integrity of the DAMA with every effort and every mechanism we have available to us.

The DAMA is there to ensure that our businesses in South Australia can grow. I will repeat what I said earlier: 50 per cent of the jobs advertised in regional South Australia remain unfilled. In regional South Australia, there is unmet demand for labour in particular skill areas. The DAMA has been broadened to enable that to happen. Also, we need to understand that, because the DAMA is broader, there are many more award categories. Many award categories are much lower than the TSMIT.

The award categories in some of those skill sets are as low as \$42,000 a year. We are not proposing that the skilled migrants are paid that. In the regional DAMA, they will be paid at a 10 per cent discount of the \$53,900 because the \$53,900 was a setting designed for Sydney and Melbourne. You cannot expect businesses in South Australia to build their businesses paying the overheads that they would be paying if they were operating in Sydney and Melbourne. It is wacko stuff that you hear from the union movement and others who run scare campaigns about skilled migration.

*Mr Szakacs interjecting:*

**The CHAIR:** Member for Cheltenham! Minister, I am going to bring things to a close there. I do not want to run you out of time. We will be back after lunch, but having reached the revised allotted time—

**The Hon. Z.L. BETTISON:** I have one more question.

**The CHAIR:** No, we have reached the revised allotted time of 1.20pm. We will reconvene at the indicated time of 2.15pm.

*Sitting suspended from 13:21 to 14:15.*

#### **Membership:**

Hon. A. Koutsantonis substituted for Hon. L.W.K. Bignell.

Ms Wortley substituted for Mr Szakacs.

#### **Departmental Advisers:**

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

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

Ms P. Chau, Executive Director, Performance and Business Operations, Department for Innovation and Skills.

Mr A. Dunbar, Chief Operating Officer, Office of the South Australian Chief Entrepreneur, Department for Innovation and Skills.

Ms N. Chandler, Executive Director, Strategy, Policy and Migration, Department for Innovation and Skills.

Ms M. Richardson, Executive Director, Skills and Workforce Capability, Department for Innovation and Skills.

Ms J. Halliday, Director, Science, Technology and Commercialisation, Department for Innovation and Skills.

Mr M. Smith, Director, Finance and Procurement, Department for Innovation and Skills.

Mr D. Price, Project Director, Lot Fourteen, Department for Innovation and Skills.

**The CHAIR:** Welcome back to the afternoon session of committee A. I advise that the following members have requested to be discharged: the members for Cheltenham and Mawson. They have been replaced by the members for Torrens and West Torrens. Minister, we are dealing with Innovation, and I would invite you to introduce your advisers and make a short statement if you would like to.

**The Hon. D.G. PISONI:** Thank you, Mr Chair. For this session, I am joined by Mr Mark Duffy, Chief Executive, Department for Innovation and Skills; Ms Phuong Chau, Executive Director, Performance and Business Operations; and Mr Adam Reid on my right, Executive Director, Innovation and Science.

**The CHAIR:** Thank you, minister. Did you wish to make an opening statement?

**The Hon. D.G. PISONI:** I will. The government is firmly committed to our economic future and bold growth agenda as we are confidently staking our claim as a world-class innovation city and state. The establishment and development of Lot Fourteen is a major part of the government's commitment to accelerating the growth of start-up businesses and making South Australia the nation's unrivalled start-up capital.

Our partnership with the Australian government on the Adelaide City Deal—a \$551 million 10-year plan to grow Adelaide as an innovative and vibrant city—will transform Lot Fourteen into a hub for research, innovation and entrepreneurship in technology and the arts. The Adelaide City Deal will position our city as a globally recognised creative and innovative city, home to major cultural attractions, innovative and high-tech businesses and world-class education facilities.

Eventually, more than 5,000 people will be on site at Lot Fourteen, including first-time entrepreneurs, start-ups, scale-ups, corporates, students and researchers. It will also be home to the Australian Space Agency, which will open its doors later this year, as well as the \$245 million SmartSat Cooperative Research Centre—the biggest space research collaboration in Australia's history.

Lot Fourteen will be home to an international centre for food, hospitality and tourism studies. The training facility will position South Australia as a national leader in culinary and hospitality education and training and help this growth industry to meet expected demand for some 4,500 additional jobs by 2022. Lot Fourteen is integral to our vision to make South Australia a leading centre for future industries and entrepreneurship in the Southern Hemisphere. Last month, we were pleased to announce Stone and Chalk as the anchor tenant and operator of Lot Fourteen's start-up hub—another major coup for the state.

Stone and Chalk is one of the region's leading innovation hub operators, with operations in Sydney, Melbourne and now in Adelaide. Stone and Chalk will run community activities, workshops and education programs. Most importantly, it will nurture the next generation of innovators and entrepreneurs to ensure that they can realise their goals right here in South Australia. We estimate that the hub will welcome its first start-ups in October and eventually house up to 650 work spaces. It is clear that we are making great progress towards the ambitious plan to make South Australia the nation's start-up capital.

The government is committed to South Australia having the highest rate of business start-ups per capita in Australia within a decade, and we are creating an environment that will give people with the imagination and passion the opportunity to bring their ideas to market and build global businesses. We have appointed South Australia's first Chief Entrepreneur, Jim Whalley, supported by the Entrepreneurship Advisory Board, to grow our start-up community and to connect entrepreneurs with a network of evidence, mentors and investment opportunities.

The Office of the South Australian Chief Entrepreneur delivers business mentoring and coaching, connecting start-ups to sources of capital, hosting workshops and collaboration events, and promoting our start-up ecosystem. Our entrepreneurial action plan, known as the FIXE strategy, outlines a list of objectives and actions that will supercharge innovation in South Australia. Through the FIXE strategy, we will create the right culture, improve capability and mobilise the capital requirement to make South Australia a global leader in entrepreneurship.

We are also supporting new and existing businesses and research enterprises through the Research, Commercialisation and Startup Fund. This \$28 million fund supports research programs that stimulate and encourage more start-ups that build industry research and development capability, advance scientific research and help entrepreneurs market their ideas. The fund complements the Economic and Business Growth Fund and the Regional Growth Fund and will build the talent, infrastructure and collaboration required to attract investment and grow the knowledge-based economy in South Australia.

We are also working to embed an entrepreneurial mindset in our younger generation with our \$6.3 million program to equip school students with entrepreneurship skills, including establishing five specialist entrepreneurship schools. To complement our innovation agenda, we are also developing our global science and research capacity. Professor Caroline McMillen commenced as the Chief Scientist of South Australia in October last year to provide independent advice to government on science, research, technology and innovation. Boy, what a catch she was for South Australia!

Professor McMillen is leading the development of South Australia's innovation and science strategy for economic growth, including improved links between the key innovation precincts of Lot Fourteen, Tonsley, Waite, Technology Park and BioMed City. The strategy will include a series of action items to tackle key national research and development enablers such as leadership and talent, R&D funding, research infrastructure, collaboration and commercialisation. We know that higher research quality correlates with better research impact, which in turn enables new technologies and industries, ultimately benefiting our economy, society, environment and culture.

It was terrific to see the recent outcomes of the Excellence in Research Australia assessment, which measures the quality of research outputs relative to world standards. The results highlighted that 96.8 per cent of all subjects evaluated across South Australian universities were of world standard or above, higher than the national average of 92.3 per cent. This is great news for our state, but we also have many challenges ahead, which Professor McMillen will consider when developing the innovation and science strategy.

As our economy diversifies into new and emerging industries, research, experimentation and skills that build knowledge in science, technology, engineering and mathematics will be crucial to the South Australian economy. The National Collaborative Research Infrastructure Strategy (NCRIS) is the national network of research infrastructure facilities—the roads and rails of research. These roads and rails ensure that researchers and businesses have access to globally competitive research infrastructure and skills for testing and experimentation.

These facilities and, of course, their highly specialised staff are an essential part of our research innovation system to provide a foundation in productivity and long-term sustainable growth. NCRIS is an \$82.1 million package comprising \$19.6 million from the South Australian government, \$47.1 million leveraged from the commonwealth and \$15.4 million from South Australia-based research institutions.

Support will be provided to South Australia-based activities of the Plant Accelerator, the Australian National Fabrication Facility, the National Imaging Facility at SAHMRI, Microscopy Australia, Bioplatfroms Australia and the Terrestrial Ecosystem Research Network. This investment helps to cement South Australia's reputation as a centre of technological excellence. It enables the translation of science and technology into research outcomes that will grow, reinvent or even create new industries that will solve problems, grow our economy and make a global impact.

In the creative industries and screen production area, South Australia's creative industry is another sector of our economy of which we should be justifiably proud. It is estimated that more than 19,500 South Australians are employed in the creative industries from screen, visual effects and



music through to gaming and virtual reality. Of course, this does not include those who have traditional skills and make them available when opportunities are there in the creative sector as well.

We have identified an opportunity in our creative sector to be more industry facing in order to maximise the economic potential, so we brought the cluster of screen, music and craft into the Innovation and Skills portfolio. Our creative industries cluster has seen some very exciting developments in recent times. The Economic and Business Growth Fund has provided a \$6 million investment to the SA Film Corporation's Screen Production Investment Fund to help grow the industry and create jobs.

*Mortal Kombat* will be the largest film produced in the state's history when the epic action film begins production next month. Based on the Blockbuster video game franchise, the film is expected to create around 580 jobs, employ up to 1,500 extras and inject \$70 million into the local economy. It will not only provide unrivalled skills development opportunities for South Australia's screen sector but also allow key technologies and techniques to keep pace with global trends.

South Australian director Victoria Cocks has been appointed to the prestigious position of director's attachment, a fantastic career opportunity for this experienced action film director. *Mortal Kombat* is currently in preproduction, with full production scheduled to commence in Adelaide in September. Filming will take place across the state in regional and metropolitan locations. Securing high profile projects like this enhances South Australia's reputation as a destination of choice for the international film and television industry, providing employment, experience and career pathways for industry professionals.

There is also plenty going on in South Australia's music industry. The Music Development Office runs a suite of programs tailored to the needs of local—

*The Hon. A. Koutsantonis interjecting:*

**The CHAIR:** There is a point of order, minister, from the member for West Torrens.

**The Hon. A. KOUTSANTONIS:** It is 10 minutes already, sir.

**The CHAIR:** Ten minutes is up. My indication at the start of the day was that it would be about 10 minutes. We are on to 10 now, minister, so I guess you will be concluding very soon.

**The Hon. D.G. PISONI:** I will, sir. It is getting very exciting in the presentation.

**The CHAIR:** I am sure it is.

**The Hon. D.G. PISONI:** The Music Development Office runs a suite of programs tailored to the needs of the local music industry, including the Robert Stigwood Fellowship Program, the Contemporary Music Grant Program and the organisations' funding, and the Jon Lemon collaborative songwriting program. Linking the creative industries with our innovation and skills priorities, the Music Development Office is also investigating opportunities to build skills via internships and traineeships for aspiring music entrepreneurs.

Last month, I approved a grant of \$500,000 to upgrade the air conditioning at Thebarton Theatre so it can continue to bring local and international artists to South Australia. The Thebarton Theatre is an Adelaide cultural institution, hosting more than 90 artists since 1980, and we value the ongoing contribution of the community. Between the organisations that make up our creative industries cluster—the South Australian Film Corporation, the Adelaide Film Festival, the Jam Factory and the Music Development Office—there is a lot to get excited about.

**The CHAIR:** Thank you, minister. Questions? The member for West Torrens.

**The Hon. A. KOUTSANTONIS:** I refer the minister to Budget Paper 4, Volume 3, pages 107 and 108. Given that you have made a series of announcements relating to Lot Fourteen—including the Entrepreneurship Advisory Board, which you claimed to this parliament you have oversight of—for the Innovation, Incubation, Start-Up and Growth Hub at Lot Fourteen and it being supported by the Office of the Chief Entrepreneur at that hub, what criteria did you set for selecting members of that board?

**The Hon. D.G. PISONI:** A number of entrepreneurs were put forward for consideration by the department. An interim entrepreneurship advisory board was noted by cabinet on 4 June last year and formally appointed as interim members of the Entrepreneurship Advisory Board on 20 June 2018. The interim board, through the department, recommended to the minister on 3 August 2018 that he consider three candidates for the Chief Entrepreneur position. The minister recommended Jim Whalley as the Chief Entrepreneur to the Premier on 9 August. The Premier accepted the recommendation on 14 August.

Jim Whalley was formally appointed as the Chief Entrepreneur on 1 September for a two-year term for a total fee of zero dollars. The minister asked cabinet to note his intention to appoint the inaugural non-interim members of the Entrepreneurship Advisory Board on 2 November. The members were formally appointed as inaugural members of the board on 22 November 2018 for a term of two years, and again with respect to those members there is no remuneration for that board.

**The Hon. A. KOUTSANTONIS:** I am wondering whether you could answer the question? I asked what the criteria were for selecting them.

**The Hon. D.G. PISONI:** There is a fairly simple criterion.

**The Hon. A. KOUTSANTONIS:** What is it?

**The Hon. D.G. PISONI:** That they were entrepreneurs.

**The Hon. A. KOUTSANTONIS:** I refer to Lot Fourteen. I refer you to page 109 where there is a table, a program summary of expenses, income and FTEs. In that table you list, obviously, the expenses and income of the agency. Do any of the expenses of the agency carry subsidies for rent at Lot Fourteen?

**The Hon. D.G. PISONI:** There are no subsidies for rent carried by the department.

**The Hon. A. KOUTSANTONIS:** Are any of the tenants at Lot Fourteen receiving a subsidy from government?

**The Hon. D.G. PISONI:** I am not responsible for Lot Fourteen: I am responsible for the Startup Hub. As I said in my opening remarks, the tender was awarded for the provision of services to run the hub to Stone and Chalk. I think there was a provision of about \$7.9 million to do that. Stone and Chalk is now running the hub as a private organisation for a period of three years.

**The Hon. A. KOUTSANTONIS:** You have no knowledge of any government subsidy being paid to anyone at Lot Fourteen?

**The Hon. D.G. PISONI:** Stone and Chalk has received, or has a contract to—

**The Hon. A. KOUTSANTONIS:** That is for service.

**The Hon. D.G. PISONI:** —service the requirements of the Startup Hub and the tenants of the Startup Hub—I think it is \$7.9 million.

**The Hon. A. KOUTSANTONIS:** The Premier told the estimates committee yesterday that all the tenants at Lot Fourteen were paying market rent. My question to you is: are any of the tenants at Lot Fourteen being subsidised to meet their rental requirements?

**The Hon. D.G. PISONI:** I have explained to you that I am not responsible for Lot Fourteen: I am responsible for the Startup Hub, and I have answered the question in relation to the Startup Hub.

**The Hon. A. KOUTSANTONIS:** Who first recommended to you to appoint Mr George Freney to the board?

**The Hon. D.G. PISONI:** That recommendation came through the department.

**The Hon. A. KOUTSANTONIS:** Through the department?

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

**The Hon. A. KOUTSANTONIS:** Who in the department?

**The Hon. D.G. PISONI:** It came through the department in, I believe, a briefing. I suspect that it would have been a department officer. We can get back to you with that detail if that is something we are able to do.

**The Hon. A. KOUTSANTONIS:** That is pretty definitive. It was not your recommendation: it was that of the agency's.

**The Hon. D.G. PISONI:** Basically, the agency has put a briefing forward. As I referred in my answer to one of your earlier questions, there was a process whereby I received nominations or recommendations from the department for the interim board and then recommendations for the board, which is known as the inaugural board.

**The Hon. A. KOUTSANTONIS:** Had you met Mr Freney prior to his being appointed to this board?

**The Hon. D.G. PISONI:** I meet a lot of people. I am not sure that I have. Since he has been a member of the board and I have got to know him, I learnt that he is actually a constituent, so I probably should have met him, but I do not think I did meet him beforehand.

**The Hon. A. KOUTSANTONIS:** Were you advised by the Premier or any member of his staff to appoint Mr Freney?

**The Hon. D.G. PISONI:** I refer to my earlier answer.

**The Hon. A. KOUTSANTONIS:** So that is no. The Premier—

**The Hon. D.G. PISONI:** No, I refer to my earlier answer. I went through the process as to the advice that I was given from the department as to the appointments to the board, and that is the process by which the appointments were made.

**The Hon. A. KOUTSANTONIS:** The Premier at no stage advocated to you to appoint Mr Freney?

**The Hon. D.G. PISONI:** I refer you to my previous answer.

**The Hon. A. KOUTSANTONIS:** I do not understand why you would be so cagey about this. If the Premier asked you to appoint someone, there is nothing improper about you appointing someone that he recommended.

**The Hon. D.G. PISONI:** I am not being cagey. I have told you what the process is, what it was, and that is the answer.

**The Hon. A. KOUTSANTONIS:** The parliament is being told the process—

**The Hon. D.G. PISONI:** You can ask any question you like.

**The Hon. A. KOUTSANTONIS:** I am trying to. The process we have been told so far is that, independently of the minister and the Premier, Mr Freney was recommended by the agency to be appointed to this board. Were you aware at the time of Mr Freney's appointment that his company Booodl had received positive media in recent years in which he had stated that he wanted to be Australia's Mark Zuckerberg? It was then relayed again in the media the following day. Did you know that he had these aspirations?

**The Hon. D.G. PISONI:** So what? It is an extraordinary question. This is so typical of the Labor Party. They want to crush anybody with aspirations because they want to be able to control them. That is the way the socialist system works, it is the way the shoppies union works, and it is obviously the way the member for West Torrens works.

**The Hon. A. KOUTSANTONIS:** Were you aware at the time of Mr Freney's appointment, or leading up to Mr Freney's appointment, that his company Booodl was inactive and had none of the \$8.4 million in investors' funds left? Were you aware of that?

**The Hon. D.G. PISONI:** The appointment of Mr Freney to that position was a recommendation made to me by the department. I think what the member needs to understand about entrepreneurs and the entrepreneurial sector, and business in general, is that people start businesses, sell businesses, they move businesses, businesses may fail and they restart

businesses. The bottom line is there is an enormous contribution that entrepreneurs in the business sector make to the standard of living we enjoy here in South Australia and the job opportunities that South Australians have.

The short answer is that I do not recall that instance. I certainly do not recall whether I saw anything about news articles about Mr Freney in the brief. As I said earlier, the recommendations for those positions came to me via a department briefing.

**The Hon. A. KOUTSANTONIS:** I accept what you are saying, minister. Entrepreneurs take risks, they go out and sometimes it works and sometimes it does not, and they are a valuable resource for our economy, but you are appointing a board of experts.

**The Hon. D.G. PISONI:** I am not employing anybody.

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

**The Hon. D.G. PISONI:** You said I was employing a board of—

**The Hon. A. KOUTSANTONIS:** Appointing.

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

**The Hon. A. KOUTSANTONIS:** Yes. Who did the due diligence on Mr Freney? Because there are a few other things I want to put to you as well about his business dealings.

**The Hon. D.G. PISONI:** My understanding is that the due diligence is done by the agency.

**The Hon. A. KOUTSANTONIS:** Excellent. Were you or the agency aware of Mr Freney's activities in New Zealand as a director of World Wide Travel Technology Ltd?

**The Hon. D.G. PISONI:** I simply do not recall any reference to that.

**The Hon. A. KOUTSANTONIS:** Have you sought any advice or done any due diligence on 11point2, another company Mr Freney was involved in?

**The Hon. D.G. PISONI:** I cannot say that I am aware of 11point2.

**The Hon. A. KOUTSANTONIS:** You have appointed this expert board on entrepreneurship and the agency has recommended to you someone you have never met before. The Premier never mentioned him to you. He was an agency recommendation on the basis of his entrepreneurship and you did not take any time to satisfy yourself on what his entrepreneurship had done thus far because I have mentioned now three businesses that he was involved in and you have almost no or scant knowledge of any of their activities. Why did you appoint him?

**The Hon. D.G. PISONI:** I am certainly not going to take the word of the member for West Torrens. It is interesting that we did not hear anything about Elon Musk's reputation for using union-free states in the United States to set up his manufacturing operations—

**The Hon. A. KOUTSANTONIS:** What has that got to do with this?

**The Hon. D.G. PISONI:** —from a union-backed Labor Party. They certainly kept that secret. The facts are that entrepreneurs take risks.

**The Hon. A. KOUTSANTONIS:** Like you.

**The Hon. D.G. PISONI:** People back entrepreneurs knowing that there are risks. There are risks in start-ups.

**The Hon. A. KOUTSANTONIS:** He saw you coming, didn't he?

**The Hon. D.G. PISONI:** I was satisfied from the briefing I received from the department that Mr Freney was able to give the sort of advice that would be required to be received from the collaboration of people who were appointed to the Entrepreneurship Advisory Board. It is not one person. This is the thing about boards: it is about bringing different skill sets together. I will tell you, as someone who has closed a business, that you do not really fully experience business until you have had to close one down, and there is—

**The Hon. A. KOUTSANTONIS:** Well, Mr Freney has plenty of that experience.

**The Hon. D.G. PISONI:** It is just unfortunate that there are not more people in the opposition who have actually run businesses and started businesses so they do have an understanding of the skill sets that are needed, the lessons that are learnt from running businesses. The idea of the Entrepreneurship Advisory Board is very much that: it is about advice. As the minister, it is my responsibility to take that advice and use it as I see fit. The department obviously also refers to various boards, whether it be the Training and Skills Commission or the Entrepreneurship Advisory Board, for advice.

I think it is important that the board represents a full range of experiences and a full range of skills. The point about the brief I received from the department is that it certainly did represent a broad range of skills that are required in order for people to advise in that very new entrepreneurial space we are endorsing here in South Australia.

**The Hon. A. KOUTSANTONIS:** Were you aware—

**The CHAIR:** Member for West Torrens, I might come back to you. There is a question from the member for Morphett who has an interest in this area.

**Mr PATTERSON:** Thank you.

**The Hon. A. KOUTSANTONIS:** Does he?

**Mr PATTERSON:** Yes.

**The Hon. A. KOUTSANTONIS:** The government has written you a question they want you to ask?

**Mr PATTERSON:** Absolutely, yes. I will just refer the minister to—

**The Hon. A. KOUTSANTONIS:** Thank you for confirming that.

**Mr PATTERSON:** Point of order, Chair: I am just being interrupted.

**The CHAIR:** Can I just ask Hansard please to turn off the member for West Torrens' microphone? Thank you. Given that the member for Morphett has the call, if we could turn off the member for West Torrens' microphone and we will come back to him. The member for Morphett.

**Mr PATTERSON:** I refer the minister to Budget Paper 4, Volume 3, page 108, program 1. Could you maybe elaborate a bit more on what the government is doing to help entrepreneurs in South Australia?

**The Hon. A. KOUTSANTONIS:** They have hired George Freney.

**Mr PATTERSON:** Well, we want to see how people can create jobs here.

**The Hon. D.G. PISONI:** I thank the member for his question. I know how interested he is in the entrepreneurial world, being an entrepreneur himself, being very successful in business with his engineering background. A priority of the government is to create as many opportunities as possible for South Australians to work.

We have set up entrepreneurial pathways with Lot Fourteen, particularly the hub where we have now found our anchor tenant, Stone and Chalk, to act as mentor, providing services for entrepreneurs. Desks can be rented a month at a time, giving many entrepreneurs the ability to virtually walk in off the street with no idea and bump into other entrepreneurs and other people with skills they might want to share and develop ideas and seek support from potential investors or others who might want to get involved in the ideas they are developing.

As I mentioned earlier, with the member for Florey, we are also looking at how the government procurement process can be inclusive of a start-up community. We are very focused on the entrepreneurial community here in South Australia and on the development of more start-ups and start-up opportunities in South Australia.

I think it is fair to say that there is a strong desire to have a go amongst many people who have their qualifications and who feel that maybe what they have learnt at university is not being recognised by an employer, so they are making their own way into the business world and we are

there to support them through our Startup hub. I am very pleased that we will see desks opening later in the year as that hub starts.

**The Hon. A. KOUTSANTONIS:** Minister, on 12 November—

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

**The Hon. A. KOUTSANTONIS:** Thank you very much, sir, for your generosity in allowing the opposition to ask questions.

**The CHAIR:** Well, member for West Torrens, any member of the committee can ask a question—

**The Hon. A. KOUTSANTONIS:** Thank you very much, sir.

**The CHAIR:** —and I know that, professionally, the member for Morphett has an interest in this.

**The Hon. A. KOUTSANTONIS:** Minister, are you aware that, on 12 November, two weeks before you announced that Mr Freney was on the board, ASIC (Australian Securities and Investments Commission) published public notices that showed that his company Booodl was broke? Were you aware?

**The Hon. D.G. PISONI:** I refer to my earlier answer.

**The Hon. A. KOUTSANTONIS:** In recent months, even as recently as Monday, Mr Freney has been promoting his involvement with you and the government, especially his role on the Entrepreneurship Advisory Board. He stated in a tweet, even on Monday, that he was speaking on a panel with three others for the South Australian government, discussing innovation and—wait for it—ethics and the digital age. Do you think the investors in Booodl, who lost \$8.4 million, would be satisfied that he is an ethical entrepreneur?

**The Hon. D.G. PISONI:** It is interesting where the member is attempting to go here, and I challenge him to make—

**The Hon. A. KOUTSANTONIS:** ASIC—I will give you the website.

**The Hon. D.G. PISONI:** —allegations about Mr Freney's ethics outside the cowards castle of the House of Assembly.

**The Hon. A. KOUTSANTONIS:** That's a contempt, by the way, sir.

**The Hon. D.G. PISONI:** I do challenge him to make those accusations—

**The Hon. A. KOUTSANTONIS:** That's a contempt, by the way.

**The Hon. D.G. PISONI:** —and I do refer the member back to my previous answer.

**The CHAIR:** Minister, I am going to interrupt here. I ask Hansard again to ensure that they have the microphone on for only the person who has the call. The minister has the call at the moment. Continue.

**The Hon. D.G. PISONI:** Thank you, sir, I have finished my answer.

**The Hon. A. KOUTSANTONIS:** Have you ever invested in or had an interest in companies or businesses that Mr Freney had an interest or investment in?

**The Hon. D.G. PISONI:** My interests in investments or people I owe money to are all on my ministerial and my parliamentary register. You are welcome to inspect it at any time.

**The Hon. A. KOUTSANTONIS:** That is not what I asked you. I asked you: have you ever invested in or had an interest in companies or businesses that Mr Freney had an interest or investment in?

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

**The Hon. A. KOUTSANTONIS:** Were you aware that Mr Freney used to work at Marshall Furniture?

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

**The Hon. A. KOUTSANTONIS:** You were not aware? No, he just miraculously turned up.

**The Hon. D.G. PISONI:** I refer to a briefing that I received about the recommendation for both the interim board and the inaugural board for the Entrepreneurship Advisory Board. It is on that basis that I approved those appointments.

**The Hon. A. KOUTSANTONIS:** Is Mr Freney in receipt of any payments for government employment, consultancies, services or supplies?

**The Hon. D.G. PISONI:** I have no idea.

**The Hon. A. KOUTSANTONIS:** Has your agency given Mr Freney any payments for government employment, consultancies, services or supplies?

**The Hon. D.G. PISONI:** I am not aware.

**The CHAIR:** I am going to interrupt here. Thank you, Hansard. It is really important that there is only one microphone on at a time. It is no reflection on any of the members here; we just need to manage the committee a little bit better. Minister.

**The Hon. D.G. PISONI:** I want to clarify that although members of the Entrepreneurship Advisory Board are not paid, minor costs may be incurred by the department for the Entrepreneurship Advisory Board in relation to reimbursements for incidentals that members of the board may have acquired. It is on that basis that Mr Freney may have received money like any other board member may have.

**The Hon. A. KOUTSANTONIS:** That is a perfectly reasonable explanation to make. Could you please table or make available to the committee on notice payments made to Mr Freney since he has been on the board?

**The Hon. D.G. PISONI:** We will take that on notice to see whether we can do that.

**The Hon. A. KOUTSANTONIS:** When speaking at forums on behalf of the South Australian government, is Mr Freney required to declare his association with a failed retail venture called Boodl?

**The Hon. D.G. PISONI:** Mr Freney's role on the Entrepreneurship Advisory Board is a role to speak about the benefits of entrepreneurship and talk about his experiences in entrepreneurship. I am sure that Mr Freney is at liberty to elaborate as far as he wishes on his experiences as an entrepreneur, whether they be experiences that he has learnt from, good experiences or bad experiences. That is entirely up to Mr Freney.

I think it is important to remember that this is an advisory board that has been established. This is a board where board members receive no money; they are people who have means to be able to participate on this board without a government board fee. We are very grateful that the group of entrepreneurs we have on this board are pleased to share their experiences.

One of the things I have found about the entrepreneurial community is that people are very happy to share what they have, share what they have learnt with people who want to move into this space or are starting in this space. I have to say that it is very valuable. As a young 21 year old, from a family that did not have any business experience—I did not have any business experience—I remember my dear old Aunty Joan knew somebody who was in business who offered to give me a briefing about what he had experienced in the furniture business. I found that extremely valuable.

I think the role of the Entrepreneurship Advisory Board is that type of role. I think that the board has been very open with interested parties about sharing their experiences with the entrepreneurial community.

**The Hon. A. KOUTSANTONIS:** Do any of the businesses, companies or proposed start-ups at Lot Fourteen have an association with Mr Freney or with his former business partner, Mr Rajat Kulshrestha?

**The Hon. D.G. PISONI:** I am not responsible for the tenancies at Lot Fourteen other than that of Stone and Chalk.

**The Hon. A. KOUTSANTONIS:** You are not responsible for the start-up program at Lot Fourteen?

**The Hon. D.G. PISONI:** I am responsible for the start-up program.

**The Hon. A. KOUTSANTONIS:** Do any of those start-ups have any association with Mr Freney?

**The Hon. D.G. PISONI:** No, you do not understand. I am responsible for the Startup hub. There are no tenants in the Startup hub, yet.

**The Hon. A. KOUTSANTONIS:** Are there any companies or proposed start-ups involved in the hub that are associated with Mr Freney?

**The Hon. D.G. PISONI:** I do not know what association Mr Freney might have with Stone and Chalk.

**The Hon. A. KOUTSANTONIS:** Given that you said that and given that Mr Freney has no requirement from you to make any declarations about his past business activity or his current business activity, I imagine then he has made no declaration to Premier and Cabinet about his commercial interests?

**The Hon. D.G. PISONI:** You can imagine what you like, but you often are wrong. All board members are required to declare any relevant interests or conflicts of interest when and where they may arise. These interests are recorded in a register of relevant interests and the register of conflicts of interest are tabled at every board meeting. The department has also engaged an external probity adviser to provide probity advice on conflict of interest matters.

**The Hon. A. KOUTSANTONIS:** Given that that is a requirement of the agency, has Mr Freney conducted himself appropriately by declaring all his interests?

**The Hon. D.G. PISONI:** I will have to get back to the committee on that question, if I am able to. Obviously, I do not run the Office of the Chief Entrepreneur, nor do I run the Startup Hub. I am the minister responsible for setting the policy. The Office of the Chief Entrepreneur has a chief operating officer and department staff who assist the Chief Entrepreneur and advise on the entrepreneurial agenda for the government.

**The Hon. A. KOUTSANTONIS:** In summarising, you have now appointed two board members without having seen their CVs and without having inquired into their past. You did not know what Mr Freney's past entrepreneurial experiences have been, good or bad. You relied on the advice of the agency to appoint him. You were not influenced by the Premier or anyone else to appoint him. You had not met him before he had been appointed. I am hoping that, at the very least, you will make available to the committee Mr Freney's initial declaration that he made on becoming a board member after accepting your nomination.

**The Hon. D.G. PISONI:** I will have to get back to you to see whether I am able to do that.

**The Hon. A. KOUTSANTONIS:** What would prohibit you from making that available?

**The Hon. D.G. PISONI:** I said I will get back to you to see if I am able to do that.

**The Hon. A. KOUTSANTONIS:** No, you said if you were able to do that. You appointed him. It is your submission.

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

**The CHAIR:** Member for West Torrens and minister, as I said earlier today there is no formal facility for the tabling of documents.

**The Hon. A. KOUTSANTONIS:** I am not asking him to table a document; I am asking him to get back to us on notice. What I am asking—

**The CHAIR:** You have made that clear, thank you.



**The Hon. A. KOUTSANTONIS:** —is whether he will make available Mr Freney's initial declarations when he was first appointed to this board and, if not, why not?

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

**The Hon. A. KOUTSANTONIS:** No, you have not. You said if you were able to. What would prohibit you from doing that?

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

**The CHAIR:** The member for Morphett has another question.

**Mr PATTERSON:** I am going to take us in a slightly different direction. I refer to Budget Paper 4, Volume 3, page 108, again, program 1. Could you explain what the government is doing to support our science and research community?

**The Hon. D.G. PISONI:** I thank the member for his question. I know he is very, very interested in science and space and all things in that area. In the last year, the government appointed Professor Caroline McMillen as the state's fifth Chief Scientist to provide independent advice on science, research, technology and innovation. Professor McMillen also chairs the state's \$28 million Research, Commercialisation and Startup Fund.

The fund helps South Australian businesses to collaborate with researchers and universities to solve industrial problems, commercialise new products and services, attract research infrastructure investment into the state, and encourage the establishment of growth in start-ups. Ten grants have been approved to date under the fund, including six under stream 1 related to strategic research initiatives.

The Office of the Chief Scientist is also developing a South Australian strategy for science and research to position South Australia as a place of science and research excellence. Most recently, we have announced that we will be investing \$19.6 million over seven years to support six South Australian-based national collaborative research infrastructure strategy facilities with new infrastructure updates and operating expenses.

This investment builds on the Australian government's announcement of its 2018-19 budget of \$1.9 billion for national research infrastructure over 12 years and will leverage \$15.4 million from our South Australian research institutions that host those facilities and \$47.1 million from the federal government. The total value of funding of these facilities is \$82.1 million and will generate an additional 25.3 highly-skilled jobs here in South Australia. This current investment will also:

- increase engagement in access by South Australian business;
- improve the state's competitiveness, attracting additional funding from Australian government's major research funding programs;
- encourage strong long-term industry and research partnerships locally and internationally to support industry and deliver future jobs, economic growth and economic diversity; and
- continue to attract, develop, grow and export a highly skilled workforce, including the next generation of researchers.

**The Hon. A. KOUTSANTONIS:** Has Mr Freney ever declared bankruptcy?

**The Hon. D.G. PISONI:** I will take that on notice.

**The Hon. A. KOUTSANTONIS:** Had he ever told you that he had declared bankruptcy?

**The Hon. D.G. PISONI:** I have just said that I will have to take that on notice, which suggested that he has not spoken to me about that.

**The Hon. A. KOUTSANTONIS:** Were the other members of the board also recommended by the agency?

**The Hon. D.G. PISONI:** All covered in the same briefing.

**The Hon. A. KOUTSANTONIS:** Did Mr Freney submit his CV to a central agency looking to be appointed to a government board?

**The Hon. D.G. PISONI:** I will have to take that on notice.

**The Hon. A. KOUTSANTONIS:** Could you also take on notice how it was the agency came to nominate Mr Freney?

**The Hon. D.G. PISONI:** If we are able to establish that, we can come back to the committee with that.

**The Hon. A. KOUTSANTONIS:** Could you please describe to me what an 'innovation ecosystem' is?

**The Hon. D.G. PISONI:** That is quite a good question, I think. Imagine a cluster of similar-thinking people, people who are very keen to expand their ideas into business, whether that be a business that they hope to exit at some stage at a profit, or a business for which they hope to be able to commercialise the intellectual property. They may very well be, for example, at a stage where they are renting a desk in the new Startup Hub we are providing at Lot Fourteen. They may decide that they have a product worthy of one of the tenants of Lot Fourteen that is not in the start-up area, and they may feel that they could have an opportunity to pitch a solution that business may require.

I know that we have three companies in the area of space operating at Lot Fourteen. There is obviously a Defence landing pad going in there, and we have Adelaide University's machine learning arm. As you can see, we have customers and providers of services, and there is crossover in that space. There are people who might have one particular set of skills but need another set of skills in order to get the program off the ground, and it may very well be that being in that collaborative space they may be in a position to work together in order to achieve an outcome that is in both their interests.

Rather than having people working in different parts of the city, different parts of the metropolitan area and even different parts of Australia or regional South Australia, it is about having a space where people can come together to work together and turn their ideas into businesses and their business into something they can expand or convert to something else that may lead to a third relationship that might be established.

It is a very interesting world. The start-up hubs have been very successful in Brisbane and Sydney—we visited those—and even the landing pad in San Francisco. The Australian Landing Pad in San Francisco has been very successful in helping new businesses that have gone through a start-up process in Australia enter the US market. It is about growing the business capacity in South Australia. It is about making the system easier for collaboration and easier for ideas to be formalised and converted into a business.

**The Hon. A. KOUTSANTONIS:** I refer you to the activity indicators on page 110 of the Agency Statements, Budget Paper 4, Volume 3. You have a number of FIXE events, programs and seminars. It says here that it is a revised indicator previously represented as the number of short courses and networking functions held. The estimated result for last year was 52. The projection for this financial year is 50. How many of those events have you attended?

**The Hon. D.G. PISONI:** I get to as many as possible, but I will have to take that on notice. The latest one I was at was just last week. It was the inaugural introduction event put on by Stone and Chalk—sold out. I think we had over 200 people there. I was at that event. I have been at other start-up events. I went to an event Moonshine Lab put on either earlier in the year or late last year. I visited—

**The Hon. A. KOUTSANTONIS:** I am just after these ones. Do you know how many of these FIXE events you have been to?

**The Hon. D.G. PISONI:** I was at the Future Industries eXchange for Entrepreneurship launch. I was there for that; I co-launched it with the Premier. I get to them when I can. Obviously, it is not my job to run them. I think that sometimes they are very kind to allow me to speak before the event, and I appreciate that. Certainly, I get to them whenever I can, but I cannot give you the exact number. I get a regular list of the events, every week, that are planned for FIXE.

**The Hon. A. KOUTSANTONIS:** Were any of those events compered or addressed by Entrepreneurship Advisory Board member George Freney?

**The Hon. D.G. PISONI:** I do not recall. Sometimes I go to an event and may need to leave early to move on to another event. They are very courteous; they allow me to be on early so that I can accommodate the demands of my diary. I am not sure whether I have been at one where Mr Freney has given a presentation or been on a panel.

**The Hon. A. KOUTSANTONIS:** Could you take on notice for me whether he has and whether he was paid to do it?

**The Hon. D.G. PISONI:** Whether he was paid to do it?

**The Hon. A. KOUTSANTONIS:** Yes. The activity indicators in this line state that there will be 200 workspaces available at the FIXE hub at Lot Fourteen to support entrepreneurs, start-ups and creative industries. I also refer to the state government's invitation to supply documents that sought design teams and scoping studies for Lot Fourteen's innovation centre, which closed on 9 April. At page 7, it stated that the state government's vision for the centre included a 650-desk start-up hub, FIXE, with the first 300 to be accommodated within the retained heritage buildings. Can you please explain the differences in those figures?

**The Hon. D.G. PISONI:** There is no doubt that the Lot Fourteen redevelopment, which is the old Royal Adelaide Hospital site, has had enormous interest. It is a fluid situation. There are key anchor tenants right throughout the centre that the Premier is responsible for. In terms of the spaces or the desks, if you like, for the entrepreneurial centre, there are 200 workspaces available in the Allied Health Building now.

The fit-out is continuing with those, and we expect that tenants will be moving in probably sometime in the next three months or so. There will be 300 workspaces available in the Allied Health Building, the Eleanor Harrauld Building and the McEwin Building from 30 June next year. There will then be 650 spaces in total that will include spaces in the new innovation centre, which will be built, the Allied Health Building, the Eleanor Harrauld Building and the McEwin Building by 30 June 2023.

**The Hon. A. KOUTSANTONIS:** At the FIXE events is alcohol served?

**The Hon. D.G. PISONI:** Certainly at the FIXE launch I believe there was alcohol.

**The Hon. A. KOUTSANTONIS:** Is alcohol made available at all the FIXE events or just the launch?

**The Hon. D.G. PISONI:** I am not aware.

**The Hon. A. KOUTSANTONIS:** Could you take that on notice for me?

**The Hon. D.G. PISONI:** We can take that on notice.

**The Hon. A. KOUTSANTONIS:** Who runs the FIXE events?

**The Hon. D.G. PISONI:** The FIXE events are run by the Office of the Chief Entrepreneur, but those events will now be a collaboration between the Office of the Chief Entrepreneur and Stone and Chalk. Part of Stone and Chalk's contract means that they have responsibility for events, seminars, conferences and many other things associated with the start-up community in South Australia. I would imagine that the role of the Office of the Chief Entrepreneur will diminish somewhat as Stone and Chalk move into that space over the short and medium term.

**The Hon. A. KOUTSANTONIS:** To attend a FIXE event is there a fee?

**The Hon. D.G. PISONI:** I think it depends. I am not aware of when there is a fee or when there is not a fee. I know that the support for entrepreneurship in South Australia is provided through my department. I will have to take that on notice to be able to answer that fully for you.

**The Hon. A. KOUTSANTONIS:** How does an interested party register with FIXE?

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

**The Hon. A. KOUTSANTONIS:** How does a registered party register if someone is interested in going to these events?

**The Hon. D.G. PISONI:** Online, I believe.

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

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

**The Hon. A. KOUTSANTONIS:** In terms of the new commercial arrangement with Stone and Chalk, do they run the registrations for this?

**The Hon. D.G. PISONI:** Initially, before Stone and Chalk were appointed, they were managed by the Office of the Chief Entrepreneur. They will still be managing the registrations and database and Stone and Chalk will be working in collaboration with the Office of the Chief Entrepreneur. Some events will be FIXE events; some events will be Stone and Chalk events. There will be a lot of crossover in that space, so that is, again, a very fluid situation. The short answer is that people will register with the Office of the Chief Entrepreneur.

**The Hon. A. KOUTSANTONIS:** Two last questions.

**The CHAIR:** Last questions.

**The Hon. A. KOUTSANTONIS:** The last questions I have I am happy for you to take on notice if you would agree, minister. Was the contract to Stone and Chalk awarded under a tender process?

**The Hon. D.G. PISONI:** We do not need to take that on notice. The answer is yes.

**The Hon. A. KOUTSANTONIS:** To have a desk at the FIXE hub, is there a fee and, if there is a fee, does Mr Freney have a desk?

**The Hon. D.G. PISONI:** He does not have a desk. There is a monthly fee. I think at the moment that fee is about \$320.

**The CHAIR:** Having reached the allotted time, I declare the examination of proposed payments for the Department for Innovation and Skills to be completed. Before I call the member for Morphett, I am just going to clarify with the committee that my request of Hansard to have only one microphone on at a time has made it more difficult for them. Because we are not standing to speak, it has become more difficult for them to capture the first words and, believe it or not, any interjections. So there you go—there is always a good reason for it.

*Sitting suspended from 15:15 to 15:30.*

#### **DEPARTMENT FOR ENERGY AND MINING, \$91,210,00**

#### **EQUITY CONTRIBUTIONS FOR THE DEPARTMENT FOR ENERGY AND MINING, \$1,484,000**

##### **Membership:**

Hon. L.W.K. Bignell substituted for Ms Wortley.

Mr Hughes substituted for Hon. Z.L. Bettison.

##### **Minister:**

Hon. D.C. Van Holst Pellekaan, Minister for Energy and Mining.

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

Mr B. Adams, Manager, Financial Services, Department for Energy and Mining.

Dr P. Heithersay, Chief Executive, Department for Energy and Mining.

Ms. N. Atkinson, Acting Executive Director, Clean Energy Transition, Department for Energy and Mining.

Mr V. Duffy, Executive Director, Energy and Technical Regulation, Department for Energy and Mining.

Mr B. Goldstein, Executive Director, Energy Resources, Department for Energy and Mining.

Mr L. Pontifex, Acting Executive Director, Mineral Resources, Department for Energy and Mining.

**The CHAIR:** Welcome, everybody, to the afternoon session of Estimates Committee A. We are examining the Department for Energy and Mining this afternoon. The minister appearing is the Minister for Energy and Mining. I declare the proposed payments open for examination and refer members to the Agency Statements, Volume 2.

Before I invite the minister to speak, I advise that the members for Torrens and Ramsay have requested to be discharged, and they have been replaced by the members for Mawson and Giles. Given that we have a new minister and new advisers, I will briefly read some opening remarks.

The estimates committees are a relatively informal procedure, and as such there is no need to stand to ask or answer questions. Changes to the committee membership will be notified as they occur. If the minister undertakes to supply information at a later date, it must be submitted to the Clerk Assistant via the answers to questions mailbox no later than Friday 5 September.

I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each should they wish. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced.

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. All questions are to be directed to the minister, not the minister's advisers. The minister may, however, refer questions to advisers for a response. Minister, I invite you to make an opening statement if you wish and introduce your advisers.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Thank you, Chair. I will make an opening statement; it will not be anything like 10 minutes, but there are a few things I would like to put on the record. Before I do that, let me just introduce my advisers. On my left is Mr Ben Adams, Manager, Financial Services, and on my right is Dr Paul Heithersay, Chief Executive of the Department for Energy and Mining. I apologise to Hansard because that is actually the reverse order of the map that has been given to them.

The adviser behind me immediately on my left is Ms Natalie Atkinson, Acting Executive Director, Clean Energy Transition. Immediately behind me on my right is Mr Vince Duffy, Executive Director, Energy and Technical Regulation. Behind Ms Atkinson is Mr Barry Goldstein, Executive Director, Energy Resources, and behind Mr Duffy is Mr Lachlan Pontifex, Acting Executive Director, Mineral Resources.

Chair, firstly, I would just like to thank all the staff, including, of course, Dr Paul Heithersay, in the Department for Energy and Mining for the work that they do throughout the year, but particularly in preparing for estimates. It is a very big job, it is a good job, it is a healthy job, it is an important job and I appreciate the work that has gone into it.

The government and I have set the Department for Energy and Mining (DEM) a huge task to deliver a number of world-leading projects from the largest per capita rollout of home battery storage, through both the Home Battery Scheme and Tesla VVP, to the largest piece of linear infrastructure proposed in electricity for a very long time with the New South Wales/SA interconnector.

We have a huge agenda in energy, and I am proud of how DEM has embraced this. Both minerals and petroleum are contributing to our state and our budget, and I am very glad to see a continuing positive investment in South Australia in both sectors. We are doing our best to get the

policies and the settings right, and, of course, ongoing regulatory responsibilities continue to be undertaken by our department.

With regard to electricity, we are keen to keep pushing on to deliver the best outcomes for consumers. We are still dealing with the legacy of higher prices and vulnerability from the previous Labor government. Prices have now crested with small reductions, and there are encouraging signs. We continue preparing to address emerging risks, especially with regard to summer readiness.

We are, in particular, seeing more risks emerging in Victoria. Having interconnection with only Victoria increases the risks and challenges in SA, and this heightens the need to deliver the interconnector to New South Wales. Further evidence is that, in order to support Victoria this summer, AGL has requested to vary its development application covering the mothballing of Torrens A power station.

AGL announced several years ago that Torrens A would be mothballed in mid-2017. This was delayed due to increasing security and reliability pressures growing in South Australia at the time. Subsequently, as part of their development consent application for the Barker Inlet power station, and in line with the age of the plant, the first two units from Torrens A were then to be mothballed this year. These two units' nameplate capacity is 120 megawatts each.

To maximise generation over summer, AGL is seeking to improve its position in Victoria this summer due to outages at its Loy Yang plant in Victoria. AGL has requested to defer the requirement to mothball the first two Torrens Island power station A generating units until 31 March 2020 rather than upon commencement of stage 1 operations at the Barker Inlet power station and defer the cessation of fuel oil firing at Torrens Island B power station until 31 March 2020 rather than upon commencement of stage 1 operations at the Barker Inlet power station.

This will be assessed at arms length; however, our government is very aware of the need to support Victoria through summer, as shortages there can affect us too. This is a legacy that we will be far better insured against when the interconnector to New South Wales is energised, providing greater security of supply and continuing development of renewable energy generation in South Australia for intra and interstate electricity consumption.

**The CHAIR:** Thank you, minister. Are there any questions from the committee?

**The Hon. A. KOUTSANTONIS:** I refer to Budget Paper 4, Volume 2, and the stated objective, 'The department's role is to deliver the government's commitment to reduce energy costs.' Is the minister on track to deliver his committed annual savings to residential electricity customers of over \$300 per year?

**The CHAIR:** Minister, before you answer, I will ask you, member for West Torrens, and other committee members to speak into your microphone.

**The Hon. A. KOUTSANTONIS:** It would be in my mouth if it were any closer.

**The CHAIR:** No, you were directing your voice directly to the minister. You need to talk into the microphone. Minister, your call.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Obviously, that is a very important question. We went to the last election with a firm commitment that we are determined to deliver. We have seen steadily increasing electricity prices over the last several years under the last administration, and we have also seen, along with increasing costs to consumers, reduced supply service reliability and quality of electricity delivered to consumers. The combination of these two things was completely unsatisfactory to all South Australians, I am sure.

It is not surprising at all that that was one of the highest priorities for the then Marshall opposition, and it remains one of the highest priorities for the now Marshall government. We had independent modelling done back in 2017—that was released publicly on, I think, 10 October 2017—upon which we based the development of our energy policies. That was not the only thing that was important with regard to developing those policies, but it certainly was important for us to have an arms-length, independent assessment of what we intended to do if elected and the impact that would have.

Based on that, and on many other pieces of information, we made a commitment for a \$302 saving to the average South Australian household, and we remain determined to deliver that saving. Electricity affects households. It affects us socially and it affects us economically, from the smallest household through to the largest employer. Getting the price of electricity down, making it affordable, making the supply of it reliable and, of course, ensuring that it continues to be generated in a cleaner and cleaner fashion, remain incredibly high priorities for our government.

**The Hon. A. KOUTSANTONIS:** I want to refer you back to last year's budget where you put down highlights on page 108 of your Agency Statement and where you say:

Supported the delivery of a new electricity interconnector between South Australia and New South Wales through funding for early works and the provision of a submission to the regulatory process.

Again, in targets this year, you state:

Continue to support the delivery of a new electricity interconnector between South Australia and New South Wales.

Last year, you told the parliament that the Treasurer held \$200 million worth of contingency for an interconnection program. Is that contingency still in place?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes. It is probably a question you need to ask the Treasurer, but to the best of my knowledge it is, with the exception that we have already committed \$14 million towards early work, of which some was for ElectraNet and some was for TransGrid. To the best of my knowledge—but again it is a question to ask the Treasurer—there should be \$186 million available for this project if it is needed.

**The Hon. A. KOUTSANTONIS:** So it is not a contingent liability; you are saying that it is held in contingency?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Shadow minister, given that you have referred to last year's budget and you have referred to my answer from last year, essentially my answer is exactly the same as it was last year.

**The Hon. A. KOUTSANTONIS:** Can you point me to where in the budget papers that \$186 million contingency is held?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Again, shadow, I refer you to my last answer because that is a question you asked me last year, and my answer this year will be the same as last year: if you are looking for more specific detail, you or one of your colleagues will need to ask the Treasurer, but it is my understanding that it is in the Treasurer's contingency—

**The Hon. A. KOUTSANTONIS:** Treasurer's contingency? That would be—

**The Hon. D.C. VAN HOLST PELLEKAAN:** Given that the shadow minister has questioned what I said and he is a former treasurer, let me take that on notice to be absolutely sure that I used the right words and give him the right answer. But, essentially, it is in the Treasurer's broader budget of unallocated money, essentially exactly the same as it was last year, with the exception of the \$14 million, which has all been allocated.

**The Hon. A. KOUTSANTONIS:** Have you received any advice from the Australian Energy Regulator that the interconnection between New South Wales and South Australia will be a regulated asset?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I have not received a response from the AER that it will or it will not be. The RIT-T process is in the hands of the AER at the moment, as I expect most people interested in this topic would be aware. The AER is going through that work at the moment and they will determine whether it will be a regulated asset or not. I have not had—I do not believe anybody has had—a definitive answer from them. Of course, I am optimistic that it will and of course I hope that it will. I have made many statements along those lines, but I have never said that I could pre-empt the decision that the AER would make. I look forward to them sharing that decision with us.

**The Hon. A. KOUTSANTONIS:** You have received no advice from the AER that they are proceeding down the path of being a regulated asset. Have you received any advice—

**The Hon. D.C. VAN HOLST PELLEKAAN:** I have received no advice that they are not, either.

**The Hon. A. KOUTSANTONIS:** Have you received any advice from the AER regarding the impact on generation in South Australia if the interconnector between New South Wales and South Australia is energised?

**The Hon. D.C. VAN HOLST PELLEKAAN:** No, I do not think so. There have been lots of discussions along the way about the pros and the cons. To put my answer in context for the record, there has been a debate or a difference of words between the government and the opposition, whereby the government has said that we know that generation, particularly gas generation capacity in South Australia, has been flagged by the owners and operators of that generation for many, many years—over a decade, in some cases.

They flagged that it would be removed from the South Australian market, so the government's response is to try to fill that gap, among other ways, with the interconnector. The opposition has said that the interconnector will drive generation out of the state. That is a difference of opinion that we can contain. The AER is working through its process in its way and I look forward to the answer that it gives.

**The Hon. A. KOUTSANTONIS:** When will the AER give you a preliminary finding?

**The Hon. D.C. VAN HOLST PELLEKAAN:** The AER has said to me that its determination on the RIT-T proposal will be provided no later than 9 January 2020. That was a verbal undertaking, but it was very clear. If I remember correctly, it was Monday 9 January. There was an indication that they would like to have it wrapped up before the end of this year because sooner is better than later, and they probably would all like to enjoy their Christmas and new year break, if they can, without working night and day to a deadline in the very beginning of January. I was told verbally that 9 January would be the latest.

**The Hon. A. KOUTSANTONIS:** When will the interconnector be operational?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Again, shadow, from my perspective, sooner rather than later, but it is not a question I can answer until I have received the AER's determination.

**The Hon. A. KOUTSANTONIS:** So you have you received no construction estimates from ElectraNet or their partners in New South Wales?

**The Hon. D.C. VAN HOLST PELLEKAAN:** No, there are construction estimates and others. There is a lot more involved in building an interconnector than just the construction, hence the \$14 million of early work that we have funded. Yes, there are construction estimates but, as you would understand, there are some things that just do not or cannot commence until the AER determination comes down, not just the preliminary determination but the actual final determination. There are some things that cannot commence until then, so it is not possible for me to give a definitive answer.

**The Hon. A. KOUTSANTONIS:** What will be the capacity of the interconnector?

**The Hon. D.C. VAN HOLST PELLEKAAN:** It is 800 megawatts, I am advised.

**The Hon. A. KOUTSANTONIS:** Have you received any advice from the Australian Energy Regulator that that is either too large or too small?

**The Hon. D.C. VAN HOLST PELLEKAAN:** No, I have not. I have to say, shadow minister, that I have minimal contact with the Australian Energy Regulator. As you know, it is a federally funded government organisation in different ways; essentially, it is an arms-length regulator. I have not sought to interfere or oppress or even seek any information that I should not from the AER. The AER has the complete package put to it by ElectraNet on behalf of ElectraNet and TransGrid. Obviously, the principle of this work is very strongly supported by our government, but it is now up to the AER to do its work, to interrogate all the information it has, ask for more if it needs it and hand down its determination when it can.

**The Hon. A. KOUTSANTONIS:** What are the cost estimates for the construction of the interconnector?



**The Hon. D.C. VAN HOLST PELLEKAAN:** The total cost estimate (and one of my advisers will correct me if I am wrong) I think is \$1.52 billion. Of course, that is funded privately. That \$1.5 billion, let's say, comes from private markets. As a shadow minister, former minister and former treasurer, you would understand very well the importance of the AER's process and the work towards granting it regulated infrastructure status. It is a very positive sign with regard to ElectraNet and TransGrid seeking finance to support the project they want to develop, own and operate. It is not the only way that a project like this can get up, of course. If everything were to progress as it appears it will, that \$1.5 billion will not be a burden on the taxpayer in any way. It will be completely privately financed.

The investors, through TransGrid and ElectraNet, based on the RIT-T report, would be entitled to an average \$9 per year return per household in South Australia. It is up to the AER to determine if it supports that proposal put to it by ElectraNet. It would have that regulated return. That would be good for all people involved because, while it would be the residential households and, of course, other electricity consumers who would make that payment, the RIT-T report estimates that the savings to households on average would be \$75.

A \$75 saving on average to all South Australian households, netting off a \$9 cost on average to all South Australian households, leaves a \$66 per year per average South Australian household net benefit. That is the information that has gone from ElectraNet to the AER. That is the very best indication that I have of what this project would deliver. Of course, it is up to the AER to assess that proposal.

**The Hon. A. KOUTSANTONIS:** What is the cost of capital that ElectraNet has submitted to the AER?

**The Hon. D.C. VAN HOLST PELLEKAAN:** The cost of capital in the ElectraNet report?

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

**The Hon. D.C. VAN HOLST PELLEKAAN:** I do not have that number off the top of my head, but I am happy to take that on notice.

**The Hon. A. KOUTSANTONIS:** What is the cost of capital that TransGrid has submitted to the AER?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Same answer as to your last question. By the way, the RIT-T report is a public document.

**The Hon. A. KOUTSANTONIS:** Have you made any objections to the AER through the RIT-T about their cost of capital?

**The Hon. D.C. VAN HOLST PELLEKAAN:** No.

**The Hon. A. KOUTSANTONIS:** You have made no submission?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Let me check. I am advised that we have not.

**The Hon. A. KOUTSANTONIS:** Has the Treasurer?

**The Hon. D.C. VAN HOLST PELLEKAAN:** You would have to ask the Treasurer.

**The Hon. A. KOUTSANTONIS:** You did not ask the Treasurer to make a submission on behalf of South Australians, being the lessor of the electricity assets?

**The Hon. D.C. VAN HOLST PELLEKAAN:** If you want an answer to that question, you would have to ask the Treasurer.

**The Hon. A. KOUTSANTONIS:** So you have made no representations to the AER about ElectraNet's submission on their cost of gaining capital to build the interconnector?

**The Hon. D.C. VAN HOLST PELLEKAAN:** As the Minister for Energy and Mining, I have not. The Department for Energy and Mining, I am advised, has not. If you want to seek any further information about what any other department, particularly Treasury, might have done, you would need to go to them for that.

**The Hon. A. KOUTSANTONIS:** Do you know what the long-term bond rate is now?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Not off the top of my head. If you do not know, I would be happy to take that on notice and provide it back to you.

**The Hon. A. KOUTSANTONIS:** The reason I ask you these questions is not to try to trick you, minister; it is the long-term bond rate, and the RBA is dropping rates at a very rapid rate. The Premier—just over there where the member for Hammond is sitting, starving to death—spoke about capital never being cheaper. If this becomes a regulated asset and the AER approves ElectraNet's submission of their cost of capital, South Australians will be required to pay that back for the life of the determination of the AER with no recourse.

The reason I am asking you these questions is that, as a minister, you are entitled to, and you have standing as a minister, make objections and make submissions to the AER about ElectraNet's costs. ElectraNet is privately owned. I am asking you: why have you not made any submissions to the AER about ElectraNet's cost of capital ask in their RIT-T?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Well, there are a few reasons for that. One is that it is actually up to the AER to determine what it considers is the fair cost of capital. TransGrid and ElectraNet can put their proposals forward, as presumably they have done, but it is actually the AER that determines what it considers to be the fair cost of capital. The AER has actually not put out its discussion paper yet either.

**The Hon. A. KOUTSANTONIS:** You just told me it was public.

**The Hon. D.C. VAN HOLST PELLEKAAN:** No, I told you that the RIT-T was public.

**The Hon. A. KOUTSANTONIS:** I asked you about the cost of capital and you said that it was public.

**The Hon. D.C. VAN HOLST PELLEKAAN:** I told you the RIT-T that ElectraNet put forward on behalf of ElectraNet and TransGrid was public and you agreed with me. What I have just said is that the AER has not put out its discussion paper in response to the RIT-T proposal yet. The AER will offer what it suggests is the appropriate weighted cost of capital.

**The Hon. A. KOUTSANTONIS:** Have you heard the term 'gold plating'?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes.

**The Hon. A. KOUTSANTONIS:** Do you understand what that means?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Which budget line and which paper are you referring to?

**The Hon. A. KOUTSANTONIS:** The same one you spoke about with the interconnector when you were making your opening statement.

**The Hon. D.C. VAN HOLST PELLEKAAN:** It does not work that way, Tom.

**The Hon. A. KOUTSANTONIS:** Yes, it does, and—

**The Hon. D.C. VAN HOLST PELLEKAAN:** Shadow minister.

**The Hon. A. KOUTSANTONIS:** —it is member for West Torrens in here.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes, shadow minister.

**The Hon. A. KOUTSANTONIS:** You have heard the term 'gold plating' before?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Which budget line?

**The Hon. A. KOUTSANTONIS:** I am not trying to be difficult; I am just asking you a question.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Just tell me which budget line then.

**The Hon. A. KOUTSANTONIS:** Okay. Your stated objectives of building an interconnector to New South Wales. Have you heard the term 'gold plating'?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes.

**The Hon. A. KOUTSANTONIS:** Do you believe that, at the current rate of return that ElectraNet are asking from the AER, they are asking for above the odds of what they should be receiving as a return?

**The Hon. D.C. VAN HOLST PELLEKAAN:** You know from my previous answer that I am not able to answer that question. Even if I could, I probably would not right now because this is an issue for the AER to determine at the moment. Others will get their chance to respond to the AER's discussion paper if they want to, so that is where it is. If you are making the statement that you think it is too high, then you are welcome to do that.

**The Hon. A. KOUTSANTONIS:** Have you sought any advice from the South Australian Government Financing Authority about what the rate of return should be on a long-term bond?

**The Hon. D.C. VAN HOLST PELLEKAAN:** No, not yet.

**The Hon. A. KOUTSANTONIS:** Not yet? So you may?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I may.

**The Hon. A. KOUTSANTONIS:** I now turn you to your workforce summary. In the 2018 budget papers, you show a budget of 332.9 FTEs for the 2018-19 period. The current budget papers show the estimated result for that period to be 304.6. The budget for 2019-20 shows it would be 298.6 FTEs, a reduction in total of 34.3 FTEs. Can you explain the reduction?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes, I certainly can. In fact, we have a prepared answer for you on exactly that. As at 30 June 2019, the department's actual full-time equivalent FTE was 300.1, slightly under the approved cap of 303.6. This compares with the 2017 actual of 304.5. The headcount as at 30 June 2019 was 314, comprising 268 full-time employees and 46 part-time employees.

The 2018-19 FTE cap has reduced by 29.3 FTEs compared with the cap presented in the 2018-19 budget papers of 332.9 FTEs, mainly due to a change in the resourcing requirements for the Clean Energy Transition division. Twelve FTEs transferred to the Department for Industry and Skills, which is delivering several corporate service functions to DEM in 2018-19 under service level agreements—17.3 FTEs.

**The Hon. A. KOUTSANTONIS:** In your Agency Statement, Budget Paper 4, Volume 2, which table are you referring to?

**The Hon. D.C. VAN HOLST PELLEKAAN:** The table at the top of page 99.

**The Hon. A. KOUTSANTONIS:** The workforce summary. You told us that your FTE cap was 303.6 last financial year and this financial year your cap is 297.6; is that right?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Correct.

**The Hon. A. KOUTSANTONIS:** If I take you on another journey, minister, your Budget Paper 3 from last year shows your savings tasks. This was in table 2.6 of the 2018-19 budget papers, which shows savings tasks in the 2018-19 year as a budget of \$6.4 million; in 2019-20, it was \$3.7 million; in 2020-21, it was \$4.1 million; and in 2021-22, it was \$4.2 million. That was what you were asked to do last year. Did you achieve those savings of \$6.7 million?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes, I am advised that we did achieve those savings.

**The Hon. A. KOUTSANTONIS:** You did achieve those savings? So when I look to your actual results this year, under operating statements by agency, your savings target has dramatically changed. You have gone from having \$3.7 million savings targets in 2019-20 to \$1.5 million, and you do not publish an estimated result for 2018-19. I have two questions; one is: why have you not published an estimated result?

**The Hon. D.C. VAN HOLST PELLEKAAN:** And the other question?

**The Hon. A. KOUTSANTONIS:** Why has your savings target reduced from \$3.7 million to \$1.5 million?

**The CHAIR:** Minister, before you answer that question—and I am sounding like a cracked record today—I need you both please to speak more directly into your microphones. Perhaps, minister, if you pull yours a little closer. I am hearing from upstairs that you are both quite faint, which makes it difficult.

**The Hon. A. KOUTSANTONIS:** I have never had that said of me before in my life.

**The CHAIR:** I know you have not, member for West Torrens, and my congratulations to you. I understand that you are having a question and answer session between yourselves, but in an ideal world you would direct it through the Chair and we would all be able to hear.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Thanks, Chair. I will do my best to remember that. Shadow minister, the simple answer, I have just been advised, is that all last year's savings targets were met and that the new numbers are additional, more recent savings targets.

**The Hon. A. KOUTSANTONIS:** So they were all met? \$6.7 million?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I am advised that is correct.

**The Hon. A. KOUTSANTONIS:** Were they met with any higher fees?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes, I am advised that of the total savings target approximately \$4,400,000 was met in increased fees.

**The Hon. A. KOUTSANTONIS:** That was for the previous financial year. In this current financial year—in last year's budget—you were asked to make savings of nearly \$4 million (\$3.7 million) and this year's target is \$1.5 million. Has that reduced because of increased fees and charges?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I am advised that this is an additional obligation placed on DEM by the Treasurer, rather than a replacement.

**The Hon. A. KOUTSANTONIS:** So your target now is \$3.7 million plus the \$1.5 million? That is your total savings?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Correct.

**The Hon. A. KOUTSANTONIS:** How do you intend to meet those savings?

**The Hon. D.C. VAN HOLST PELLEKAAN:** The \$1.5 million for this year is still being determined, but the obligation for savings from the previous year has all been met already.

**The Hon. A. KOUTSANTONIS:** You have already dealt with the \$3.7 million worth of savings before the year started, and now you have to find the further \$1.5 million; is that correct?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Correct.

**The Hon. A. KOUTSANTONIS:** Do you anticipate a reduction in workforce or an increase in fees?

**The Hon. D.C. VAN HOLST PELLEKAAN:** It will be a combination of both, most likely.

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

**The Hon. D.C. VAN HOLST PELLEKAAN:** As I said before, the details of how the saving will be achieved have not yet been fully resolved, so it is not possible to answer that question yet.

**The Hon. A. KOUTSANTONIS:** How many FTEs are assigned to the agency in total?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I was going to say 298, but I have been advised that it is actually 297.6.

**The Hon. A. KOUTSANTONIS:** The workforce summary on page 99 says 298.6, not that it matters. We will move on.

**The Hon. D.C. VAN HOLST PELLEKAAN:** I have just been advised that the additional 1.0 is me, the minister. They have decided to separate me.

**The CHAIR:** It is nice to know that you are on the workforce, minister.

**The Hon. A. KOUTSANTONIS:** Is the agency authorised to breach its FTE cap?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Is the agency authorised to breach—

**The Hon. A. KOUTSANTONIS:** Breach its FTE cap.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Shadow, I do not know the specific answer to your question, neither do my advisers to my immediate right and left. What I would say is that we take fulfilling our obligations in this way very seriously. We have come to an agreement with Treasury about the savings that we must deliver. Most of how we will do that has been resolved; some of it has not yet been resolved.

We achieved what we were required to achieve last year, and we intend to achieve what we are required to achieve this year. The reason that none of the three of us are aware of whether we are entitled to breach the cap is that it is not a question we have considered.

**The Hon. A. KOUTSANTONIS:** I want to turn to your performance indicators, if I can, on page 104 of the Agency Statements, Budget Paper 4, Volume 2, where there is a whole series of indicators. In last year's budget, in the same table you projected the value of mineral production in the last financial year to be \$4.8 billion and exploration expenditure to be \$70 million, but the estimated result is half a billion less than you forecast and \$20 million less than you claimed in exploration. What is concerning me even more is that you claim in the 2019-20 budget papers that last year you projected \$4.6 billion, when in fact you projected more. Can you please explain to me why that number was changed?

**The Hon. D.C. VAN HOLST PELLEKAAN:** We will have to take that question on notice and get an answer back to you.

**The Hon. A. KOUTSANTONIS:** Can you please explain to me why you did not reach the targets last year?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I am advised that there is no answer to this that you probably would not already be aware of. Commodity prices have come down and activity has reduced in all other states as well. Sometimes you get a win out of changes in commodity prices; sometimes you do not. My CE has certainly advised me that there is nothing untoward. While of course it is disappointing to deliver less than you intended in partnership with industry, the reasons are very straightforward and exactly the reasons that you would be aware of. My CE has just reminded me that it is one of the reasons we have put forward the accelerated discovery initiative.

**The Hon. A. KOUTSANTONIS:** In 2018-19, you projected \$4.8 billion but in these budget papers you claim it is \$4.6 billion, and next year's projection is \$4.8 billion. From my reckoning of last year's budget papers and this year's budget papers you claim no growth in mineral production. Why?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I have just been advised that another contributing factor to the reduction was BHP's outage and their reduction in production because of the unforeseen outage there. I am also advised that the best estimates that we have for this current financial year are the ones that are in the budget papers.

**The Hon. A. KOUTSANTONIS:** So you projected \$80 million worth of exploration and you were off target by \$30 million. You are now projecting not a bounce back to that 2018-19 projection or the 2017-18 actual of \$48 million. If you look at the actual results, the 2017-18 actual was \$48 million worth of activity. You projected \$80 million, even though you cut PACE, and it dropped to \$50 million, but it was still an increase of two. This year, you are forecasting a growth of \$20 million a year in exploration activity on the basis of a \$3 million grant; is that right?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Not just on that basis—certainly not just on that basis. Just to correct something that you said, we did not cut PACE.

**The Hon. A. KOUTSANTONIS:** Oh, it came to an end.

**The Hon. D.C. VAN HOLST PELLEKAAN:** The previous Labor government, as you full well know, had nothing in the budget for PACE after the year before last. We did readjust, based on very good advice, some of the mineral PACE. I should just say that the PACE that came to the end that I was talking about before was petroleum PACE. We did readjust some of the mineral PACE to

make it more productive, and we have been able to convince the Treasurer to give us some more money so that we can develop the Accelerated Discovery Initiative to support greater exploration.

I have some additional information that I can provide for you. Mineral exploration expenditure: the 2018-19 estimated result of \$50 million has already been surpassed based on the first three quarters of mineral exploration spending reported by the ABS. According to ABS figures for the first three quarters of 2018-19, mineral exploration has totalled \$58.6 million to date. Quarterly mineral exploration expenditure for 2018-19 includes September 2018 of \$20.4 million, December 2018 of \$21.9 million, and March 2019 of \$16.3 million.

The 2018-19 projection of \$80 million will be achieved if the June 19 quarterly expenditure reaches or exceeds \$21.4 million. June quarter results will be reported by the ABS on 2 September 2019. Based on anticipated company exploration work programs, it is expected that mineral exploration expenditure can achieve similar levels to the previous three quarters in 2018-19 and will be close to the 2018-19 projection of \$80 million—so I am advised.

**The Hon. A. KOUTSANTONIS:** Is that why you increased taxes on exploration?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Well, Chair, a provocative question but the nuts and bolts of it is a very fair thing to ask. We increased it—

*The Hon. A. Koutsantonis interjecting:*

**The Hon. D.C. VAN HOLST PELLEKAAN:** It is just the way you choose to put it, shadow minister, but we are used to that. The key issue that I think the shadow minister is getting at here is about the additional fees placed on the holding of mineral exploration licences. We have already been through the very significant savings tasks that our agency has had put to us in light of the government as a whole losing a little bit more than \$500 million per year of forecast GST income. That is something that came upon us. Unfortunately, not to—

**The Hon. A. KOUTSANTONIS:** Did you say half a billion per year?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes, shadow, that is what I said, and I have just been advised that my CE thinks that is correct, but we will check it for you. This came very shortly before; in fact, while the budget was being developed, we had to respond. We made a commitment to the electorate that we would run balanced budgets—'balanced' being a little bit surplus or a little bit deficit, but very close to balanced budgets—and we were determined to keep that commitment.

We have found ways to reduce costs, fees, taxes and charges throughout the economy in many ways, like the emergency services levy and many others. We were faced, though, with an unexpected requirement for additional savings. My CE and I together determined that we would meet our savings targets in part through internal savings and in part through increased revenue. That is not a decision that we wanted to take, of course, but it was a decision we needed to take.

So we increased fees for the mineral exploration licences in line with fees and charges across the state for most organisations, for most areas of work, with the exception of exploration licences in the Gawler Craton. For those within the Gawler Craton, there was an additional charge—and I can certainly provide the detailed information if you want—and an even greater charge for exploration licences with a 200-kilometre radius around Olympic Dam.

Does anybody want to charge industry more? No, of course not. When you are in a situation where must increase fees and charges, you do so in as an intelligent and responsible way as you possibly can. We took the decision that the more valuable tenements—i.e. those in the Gawler Craton, and then again those closer to Olympic Dam—were the ones that we would, although we did not want to, charge even higher fees for the retention of those exploration licences.

It is also worth pointing out, shadow, that along with that was a belief that one of the advantages is that we would not only be charging higher fees for the more highly prospective parts of the state but that we would also, we hope, encourage the bringing forward of exploration activity. The reason we did it, but perhaps an indirect benefit we hope, is that those more prospective areas of the state will have more exploration activity done sooner because the holding cost is higher.

Do we want the holding cost to be higher? No, of course we do not, but if as an unintended consequence it brings forward exploration work or potentially leads to the turning over of some of

that property from one existing tenement holder to another potential tenement holder, those two things would actually be good for the industry and for the state. I say again that they are not the reasons we did it, but they are probably indirect benefits. We did not want to charge extra money, but we have gone about it in the most responsible way that we could.

**The Hon. A. KOUTSANTONIS:** I find that a breathtaking explanation. I would have preferred you say simply that you wanted to meet the savings task, but pretending that, somehow, this will incentivise more activity, or is good for the mining industry, I think shows a real lack of understanding of sovereign risk.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Well, what I did say was—

**The Hon. A. KOUTSANTONIS:** I have not finished.

**The Hon. D.C. VAN HOLST PELLEKAAN:** —that we are doing it because we need to meet the savings task.

**The Hon. A. KOUTSANTONIS:** I have not finished. Are you going to step in, or is it just for the opposition MPs you step in?

**The CHAIR:** Were you asking a question, member for West Torrens?

**The Hon. A. KOUTSANTONIS:** Yes, I was asking a question. I am also entitled to make a 15-minute statement if I like at any time.

**The CHAIR:** Yes, I know. Stay with me on this, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** Good, do your job! Come on! I have sat here quietly—

**The CHAIR:** Member for West Torrens, please do not point at me.

**The Hon. A. KOUTSANTONIS:** Well, you just sat back while I was interrupted and you did not flinch. If I interrupt the minister, you immediately interject. You immediately call us to order.

**The CHAIR:** Member for West Torrens, please do not point at me. I am chairing this committee and I am going to ask you again to please speak into your microphone.

*The Hon. A. Koutsantonis interjecting:*

**The CHAIR:** No, seriously. Your comments re a question to the minister I could not actually hear and I need to hear them, so please talk into the microphone and ask your question.

**The Hon. A. KOUTSANTONIS:** The minister claims that by increasing fees and charges in and around selected deposits, rather than certain activity, is good mining policy. I reject that completely. I think that is appalling mining policy and it is all about meeting a savings task rather than growing the mining industry. So I will ask you: given that you think this is so good to the mining industry, who did you consult with before you implemented these new increased fees and charges? Did you speak to BHP or OZ Minerals before you implemented these changes?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Given the multifaceted part of the question—and I was trying to address the beginning of the member's question before when he took a long breath, but I will now do so—I certainly did not claim that we went about increasing the fees because we thought it was good for the industry. In fact, I made it abundantly clear that it was one of the measures we felt we needed to undertake to meet the savings task that we had been given.

I made it very clear that we needed to increase fees as part of meeting the savings task, just as we are decreasing expenditure as part of meeting the savings task. I went on to explain that—and I think I have probably said it four times—we/I did not want to increase fees.

**The Hon. A. KOUTSANTONIS:** But you did.

**The Hon. D.C. VAN HOLST PELLEKAAN:** It is not something that anybody wants to do, but we did do it in the way that we did. It was not the reason that we did it, but it might well be an unintended consequence that could be of benefit to the industry if by—

**The Hon. A. KOUTSANTONIS:** Point of order, sir: this is repeating his last answer. My question was: did he consult with BHP and OZ Minerals on the changes?

**The CHAIR:** I understand that, member for West Torrens. The minister has provided fulsome answers right through this session. He is again, and I am sure he will get to the question at hand—

**The Hon. A. KOUTSANTONIS:** Did you?

**The CHAIR:** —at some point during this answer. Minister.

**The Hon. D.C. VAN HOLST PELLEKAAN:** And so the shadow minister's assertion that I have said that this is good mining policy is entirely false on his behalf.

**The Hon. A. KOUTSANTONIS:** So it is bad mining policy?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I did not say that. I made it very clear that this was a process that we needed to go through to meet the Treasurer's savings task, which we have committed to meet. There might well be a positive unintended consequence that could come out of the fact that we have needed to do this. I did not once say that it was anything to do with mining policy.

With regard to the last part of what the shadow minister said, the consultation was undertaken by the Department for Energy and Mining, but I can advise the shadow minister that I actually contacted BHP and OZ Minerals directly myself to advise them personally of the decision we had taken and where we were going to go with this. I contacted a few key people directly myself. I ensured that key staff in my ministerial office contacted another group of people directly themselves, and I know that representatives from the Department for Energy and Mining contacted people as well.

Just to round that answer out and try to make it as detailed as I can, when I phoned both Andrew Cole from OZ Minerals and Laura Tyler from BHP, I managed to speak immediately with Andrew Cole and work it through with him. I was not able to speak with Laura Tyler, but I did leave a message for her. We swapped some text messages. It was clear that we were not going to be able to speak with each other directly over the phone until much later in the day, perhaps in the evening, so I ensured that one of my ministerial staff transferred that information directly to BHP. So we have done everything we possibly can to be as open, forthright and direct with the industry on this matter.

**The Hon. A. KOUTSANTONIS:** So you think being open, forthright and direct is telling them after you have made a decision that you are increasing their fees and charges, because you did not say in your answer when you spoke to them. I imagine that you spoke to them days or hours before it became public, and you were not consulting them on the size, the cost or whether or not they should be implemented; you were simply giving them the courtesy of telling them that you were doing this to them?

**The Hon. D.C. VAN HOLST PELLEKAAN:** What I have just told the committee is that the Department for Energy and Mining consulted through the decision-making process. I made that very clear. The department consulted and, in an ever helpful way, I wanted to share with the shadow minister and the committee that, as well as the consultation the Department for Energy and Mining undertook, I undertook to directly advise some of the companies most affected by this decision myself.

**The Hon. A. KOUTSANTONIS:** Has the minister met with the Woomera Prohibited Area task force?

**The Hon. D.C. VAN HOLST PELLEKAAN:** No, I have not met directly with them myself. My CE has been very deeply involved in that process and, no doubt, other members of the Department for Energy and Mining. I have met with a representative from the Department of Defence and a representative from ASIO on the potential for access to the Woomera Prohibited Area for the resources industry.

I am a strong advocate of that potential opportunity, but I am also very respectful of, primarily, the Department of Defence's right to determine who can and who cannot access the WPA and what they can and cannot do there if they are given access. I can assure the committee and the shadow minister that this is an important and ongoing priority for me and our department.



**The Hon. A. KOUTSANTONIS:** You are so committed that you have not met with them. Have any exploration activities occurred in the WPA over the last 12 months?

**The Hon. D.C. VAN HOLST PELLEKAAN:** To address the first part of the minister's statement, where he said that I was so committed that I have not met with them, my chief executive is deeply engaged with the committee and I have met directly with the representative of the Department of Defence, and it is the Department of Defence that has the final say on who can or cannot access the Woomera Prohibited Area.

With regard to the second part of the member's question, after taking some advice on what exploration has happened in the WPA recently, I can advise there is certainly exploration going on in the WPA but, with regard to the specifics of it, I will be happy to bring back more detailed information at a later date if you would like.

**The Hon. A. KOUTSANTONIS:** In the budget papers, you state that the agency has contributed to the continued growth of the state's mining industry through granting a mining lease to Renascor Resources, Ausmin Development, for the Siviour Graphite Project on Eyre Peninsula, which you claim is one of the world's largest undeveloped graphite deposits, as well as through granting a mining lease to Havilah Resources at the Kalkaroo copper subsidiary to develop the Kalkaroo copper project in the Braemar region. You say that is Australia's largest undeveloped open-cut copper deposit. When will production begin on any of those?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I will get some advice on the specifics but, just to help you with the questioning, Renascor and Siviour are not different projects. Renascor is the company and Siviour is the name of the project.

**The Hon. A. KOUTSANTONIS:** When will that go into production?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I am advised—and I am sure the shadow minister knows this—that it is not possible to give a specific date for any of those projects because even if every single thing that the South Australian government controls with regard to permissions and operations were in place, the company would still need to get all its finances, would need to tee up agreements with customers, and many other things.

From my perspective, it is as soon as is responsibly possible, but it is not even possible for me to come back with an answer to that question if I took it on notice because the information does not actually exist.

**The Hon. A. KOUTSANTONIS:** I take you to your statement of comprehensive income on page 123 of your Agency Statement. The budget papers state:

...an increase in income in [the] 2018-19 [period] associated with the use of the emergency temporary generators during the January heatwave (\$2.0 million).'

I assume that was the profit, not the revenue generated from the state-owned generators?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I actually think it was the revenue, and I think the cost of operating was about \$1 million, but I will check that for you. I will get some advice on that.

The specific answer that I have been given to your question is that, under the National Electricity Rules the Australian Energy Market Operator's Reliability and Emergency Reserve Trader scheme (RERT, as you would know), costs are apportioned to market customers of the affected region. South Australia received payment through this scheme for the dispatch of the generators on 24 January 2019. Remuneration is calculated under the terms of the confidential reserve contract with the Australian Energy Market Operator. The state received approximately \$2 million. I will have to take on notice confirmation of whether that was the profit or the revenue.

**The Hon. A. KOUTSANTONIS:** How long did the generators dispatch for?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I am advised four hours.

**The Hon. A. KOUTSANTONIS:** How many megawatts were dispatched into the grid?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I am happy to take that on notice for you. These were certainly numbers I was very familiar with on 25 January, but they are not all in my head right now. I am happy to take the question on notice.

**The Hon. A. KOUTSANTONIS:** Were both locations dispatching?

**The Hon. D.C. VAN HOLST PELLEKAAN:** As in both north and south? Yes, they were. They did not both start at the same time, from memory. Again, I can get you more detail on this if you want, but they both were used.

**The Hon. A. KOUTSANTONIS:** I would appreciate whatever detail you can give me on notice. Is the total revenue \$2 million from both sites that the agency has received in the last financial year?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Let me be cautious. I am being as open as I can with you. From memory, it was \$2 million revenue, and from memory it was about \$1 million of cost, which would leave about \$1 million of profit. But, as I said before, I will check that. To the very best of my knowledge those figures, once checked, including the estimates that I am giving you, apply to both locations, both north and south: Lonsdale and Elizabeth.

**The Hon. A. KOUTSANTONIS:** If I can refer you now to your Agency Statement, Volume 2, page 112, you set a target in last year's budget to install 5,000 batteries in your program. You achieved 1,300, with 800 awaiting installations. Why didn't you meet your target?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I will provide you with some specific numbers to be as helpful as possible, but before I do that I will give you some broad information. We know that the Home Battery Scheme, which is what you are referring to, will support the households that invest in partnership with the taxpayer to get the home batteries and potentially new solar as well; they will benefit, but all other South Australians will benefit as well.

What we intend to do with this scheme is help a significant number of households—40,000 over four years—to store the solar energy that they can generate during the day, at a time when they do not need to consume too much, through until the evening, after the sun has gone down, when they want to consume more electricity in their home, but very importantly—

**The Hon. A. KOUTSANTONIS:** Are you serious?

**The Hon. D.C. VAN HOLST PELLEKAAN:** —when everybody else wants to consume electricity as well. So the independent modelling that we got from ACIL Allen made it very clear that when 40,000 homes across the state participate in this way, the reduction in total demand on the grid in the evening—because those households are using the electricity that they generated during the day rather than drawing extra electricity from the grid—that chunk of demand removed from the grid will take an important amount of total demand from the grid itself and have a very positive downward impact on electricity prices.

That was the advice we received at the time. What we have done between developing a policy in opposition, based on ACIL Allen's independent advice and implementing that policy in government based on department advice and other external advice, is flesh out the details. Fortunately, in addition to the \$100 million of South Australian taxpayers' money that we are allocating to this program, we were able to coordinate with the Clean Energy Finance Corporation so that they are contributing an additional \$100 million so that not only can taxpayers access up to a six—

**The Hon. A. KOUTSANTONIS:** Point of order: I understand all of this. I asked you why you did not meet your target. I am not asking you to describe the project. I can look that up online. Why have you not meet your target? Why are you trying to avoid these questions?

**The CHAIR:** Thank you, member for West Torrens. The minister is continuing his answer and, as he has done right the way through the session, will get to the answer.

**The Hon. A. KOUTSANTONIS:** Well, what is the answer?

**The CHAIR:** Minister.

**The Hon. D.C. VAN HOLST PELLEKAAN:** In addition to the maximum of \$6,000 subsidy per household, which is very deliberately a more generous offer for lower income households—

**The Hon. A. KOUTSANTONIS:** Well, it has not worked, has it?

**The Hon. D.C. VAN HOLST PELLEKAAN:** —in partnership with CEFC, we now have \$100 million for low interest loans so that households can borrow money for the balance of the purchase price of the battery and, in fact, the installation of brand-new solar panels as well if they want to access that. In many cases, the repayment of that loan can be paid for out of the electricity cost savings to those households.

With regard to the specific numbers, this is a scheme that I think started in November 2018 for three battery providers: Sonnen, Alpha-ESS and Eguana. They got a priority period in participation in the scheme in return for the fact that all three of those organisations committed to and have started assembling and manufacturing batteries here in South Australia. In addition to the benefits of the scheme, we will bring nearly a thousand jobs into—

**The Hon. A. KOUTSANTONIS:** Point of order, sir: it is a simple question—why have you not met your targets? Why? I am not asking you to describe the program. What is it about this question that you do not understand?

**The CHAIR:** Thanks for that point of order, member for West Torrens. I will bring the minister to the close of his response.

**The Hon. A. KOUTSANTONIS:** Thank you.

**The Hon. D.C. VAN HOLST PELLEKAAN:** The reason for sharing that information is so that the shadow minister and the committee are fully informed about the fact that three of the battery supply companies started in November 2018. The scheme was not fully open to all battery suppliers and all installers until three months after that, so we are looking at about January that the scheme started in earnest, which means that we are looking at five or six months of this financial year, not the whole financial year.

Understanding that this was going to be the case, or it was going to be something along these lines, when we did our budget last year we put what we thought was a fair estimate for the number of batteries that would be delivered through the scheme into the budget, but it was always a good estimate. The shadow minister is quite within his rights to ask why the delivery is not—

**The Hon. A. KOUTSANTONIS:** This has taken 10 minutes. What are you afraid of?

**The CHAIR:** Member for West Torrens, I sense that the minister is right on the cusp—

**The Hon. A. KOUTSANTONIS:** You said that five minutes ago.

**The CHAIR:** —of answering your question. Minister.

**The Hon. D.C. VAN HOLST PELLEKAAN:** The shadow minister is quite within his rights to ask why the delivery has not been what the estimate was. For him to fully understand the answer, it is important that he understands how the estimate was formed. The estimate was probably a bit overly ambitious. I do not see that there is automatically anything wrong with the delivery, but because of the way the scheme was worked out we are talking about five or six months of this financial year. It will be a pleasure to provide the very specific numbers of what we have achieved under this scheme to date.

With effect as at 19 July 2019, which is, of course, very close to the end of the financial year but a little bit more up to date, we have had 5,700 quotes requested, 1,513 installations complete and another 800 installations confirmed, signed up, committed and pending installation, so we are looking at about or just over 2,300 commitments to the scheme at that stage. We have had 68,000 website visits for people inquiring about the scheme. We are doing everything that we possibly can to raise awareness and to increase the take-up of this program because we know it is good for those who do take it up and good for other electricity consumers as well.

**The Hon. A. KOUTSANTONIS:** In last year's budget papers, you announced a demand response, aggregation and integration of distribution generation program worth \$30 million. This

year, there is almost no mention of it in the budget papers. Did you put out a press release advising the public that you had repurposed this \$30 million?

**The Hon. D.C. VAN HOLST PELLEKAAN:** No, I didn't because we haven't.

**The Hon. A. KOUTSANTONIS:** Really? Because your budget papers now—and let's make this very important point: the minister just said, no, he has not repurposed it. If I refer the minister to the Agency Statement in this year's budget, the agency talks about repurposing this money for other measures. Could you explain the discrepancy between your answer and the Agency Statement?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I can certainly explain for the shadow minister that the \$30 million is still available for its originally intended purpose, which is to run demand management and supply integration trials. We are developing that. What we decided to do was to break it up into two parts of approximately fifty-fifty, but not exactly.

The first part has actually been out for expressions of interests for several months now. The department is very close to making final recommendations to me about how we should spend that approximately \$15 million with partners to run these demand management and demand response trials. That work continues.

If the shadow minister is interested in terms of why did we decide to split the money up, that is because there are still some rule changes being contemplated and/or being delivered, which would then have an impact on how we could run some of the trials that we want to run. That was a reason to wait. We still fully intend to use the \$30 million for the purpose that it was intended in the broad term. There is no change in that whatsoever, but we are trying to make sure that we use taxpayers' money as effectively and as efficiently as possible by just holding off on spending approximately half of it.

**The Hon. A. KOUTSANTONIS:** So why do you say on page 111 of your Agency Statement—

...in addition to the transfer of funding for demand response, aggregation and integration trials (\$6.0 million) and early works on the interconnector project (\$4 million) to sub-program 1.4 Energy Policy and Programs—

if that entire \$30 million is still available for demand response? Do you want to correct the record?

**The Hon. D.C. VAN HOLST PELLEKAAN:** No, I do not want to correct the record. The budget for the program over the forward estimates is \$6 million for 2018-19, \$15 million for 2019-20 and \$9 million for 2020-21.

**The Hon. A. KOUTSANTONIS:** So you have not repurposed any of that money?

**The Hon. D.C. VAN HOLST PELLEKAAN:** As I said before, no. The answer is still no.

**The Hon. A. KOUTSANTONIS:** In what line item in the Agency Statements is the \$30 million? Is it in Budget Measures, is it in Agency Statement, Volume 2, or is it in the Budget Statement? Where is it?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I am advised that it is in Agency Statement, Volume 2.

**The Hon. A. KOUTSANTONIS:** Where? Which page?

**The Hon. D.C. VAN HOLST PELLEKAAN:** If the shadow goes to page 107, he will see Sub-program 1.4: Energy Policy and Programs. If he turns to the table on the next page, page 108, he will see the headings Expenses and 2019-20 Budget, and he will see \$45.948 million. I think the \$15 million for that year is part of that \$46 million, and so on through that table.

**The Hon. A. KOUTSANTONIS:** Just to be clear, none of the \$30 million has been repurposed for any other use other than demand management response? None of that money has been used on early works on the interconnector?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I have been advised no.

**The Hon. A. KOUTSANTONIS:** Okay. How long have we got? Fifteen minutes?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Until 5 o' clock.

**The CHAIR:** Yes, 15 minutes.

**The Hon. A. KOUTSANTONIS:** How long do the omnibus questions take?

**Mr HUGHES:** Five minutes.

**The CHAIR:** You have a good 10 minutes yet, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** I refer you to your opening statement about AGL. Did you or your office contact AGL, asking them to defer their mothballing of their units that they now wish to keep open?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I am advised that we did not. I certainly did not and my CE advises me that he did not, and I am not aware of anyone from DEM or my office doing that.

**The Hon. A. KOUTSANTONIS:** What is the process that you will now go through to consider whether or not you should grant the application to stop the mothballing?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I do not think that it is actually my right to grant it. I think it is a planning permission. I think that would be minister Knoll. I am happy to take advice on that. While I get that advice, shadow minister, of course we have an interest in what happens. All government agencies have an interest in things that impact them. We think it would be a good thing; I think it would be a good thing. As I said in my opening statement, this will be assessed at arms length. However, our government is very aware of the need to support Victoria through summer, as shortages there can also affect us.

To provide you with the advice that I said I would check on: yes, I was correct. AGL has actually written to minister Knoll, seeking that variation.

**The Hon. A. KOUTSANTONIS:** I do not have the page reference, but in the Budget Statement you outline royalties that will be received this financial year and next financial year. Can you explain the change?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes, I can. I will take some advice on them. From memory, the forecast royalties have actually gone up a bit over the forecast estimate. I think it was \$300.1 million, but I will check that and get the information for you. Mineral and petroleum royalties are forecast to reach \$300.1 million in the 2019-20 financial year. Of this amount, \$111.9 million relates to petroleum royalties and \$188.2 million to mining royalties.

The 2019-20 royalties forecast represents a \$24.4 million improvement from the \$275.7 million Mid-Year Budget Review estimate and \$11 million more than the \$289.1 million royalty receipts for the 2018-19 financial year. I have some more information, but if you want to squeeze more questions in, I am happy.

**The Hon. A. KOUTSANTONIS:** I do. Do you count in your revenue forecast for royalties fees and charges and regulation as well?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Separate.

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

**The Hon. D.C. VAN HOLST PELLEKAAN:** Totally separate.

**The Hon. A. KOUTSANTONIS:** Okay. I refer to the Budget Statement, Chapter 3: Revenue, page 37, Department for Energy and Mining, extractive mineral industry—increase fees. You increase fees by \$1 million this financial year and then \$2 million across the forward estimates. Did you consult with the industry before you increased those extractive fees? These are the same ones. These are not the aggregates industry. These are the same ones. Did you increase the fees on the aggregates industry as well?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Shadow, with regard to fees for the extractives, we did increase their fees for their licences.

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

**The Hon. D.C. VAN HOLST PELLEKAAN:** We would not expect any of it to be in the Gawler Creighton, so they would have had the standard government increase across the board. We increased fees for PEPRs from a cost recovery perspective.

**The Hon. A. KOUTSANTONIS:** Did you consult with them before you did that?

**The Hon. D.C. VAN HOLST PELLEKAAN:** The department consulted with the industry.

**The Hon. A. KOUTSANTONIS:** Do tenement holders pay land tax?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes.

**The Hon. A. KOUTSANTONIS:** Did you consult with them about the aggregation principles involved that the government is putting forward?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Did the Minister for Energy and Mining consult with—

**The Hon. A. KOUTSANTONIS:** Consult with the industry. You issued the tenements. Did you consult with them?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Did the Minister for Energy and Mining consult with landholders with a connection—

**The Hon. A. KOUTSANTONIS:** Tenement holders.

**The Hon. D.C. VAN HOLST PELLEKAAN:** —to the energy and mining industry?

**The Hon. A. KOUTSANTONIS:** Do tenement holders pay land tax?

**The Hon. D.C. VAN HOLST PELLEKAAN:** Yes, they do.

**The Hon. A. KOUTSANTONIS:** Have you consulted with the tenement holders regarding the government's policy of aggregation?

**The Hon. D.C. VAN HOLST PELLEKAAN:** I did not consult with anybody regarding the land tax aggregation, which the Treasurer has announced, before the Treasurer announced it.

**The Hon. A. KOUTSANTONIS:** Do you have an impact on the mining industry for that aggregation policy in terms of extra fees and charges that they will pay?

**The Hon. D.C. VAN HOLST PELLEKAAN:** No, I do not. In fact, the Treasurer does not have that and the landholders do not have that yet. As you would know, there is an estimate in the budget for an increasing land tax charge of \$40 million due to the aggregation. There is also, importantly, a decrease of \$49 million due to reducing the rates as well, but these are just estimates and the Treasurer has made it very clear that there will be public consultation with all landholders before the definitive formulas are determined. So, of course, I cannot have an estimate of the impact it would have on those landholders.

**The Hon. A. KOUTSANTONIS:** The omnibus questions are:

1. For each department and agency reporting to the minister:
  - What is the actual FTE count at 30 June 2019 and the projected actual FTE count for each year of the forward estimates?
  - What is the total employment cost for each year of the forward estimates?
  - What is the notional FTE job reduction target that has been agreed with Treasury for each year of the forward estimates?
  - Does the agency or department expect to meet the target in each year of the forward estimates?
  - How many TVSPs are estimated to be required to meet FTE reductions over the forward estimates?

2. Between 1 July 2018 and 30 June 2019, will the minister list the job title and total employment cost of each position with a total estimated cost of \$100,000 or more which has either (1) been abolished and (2) which has been created.

3. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 between 1 July 2018 and 30 June 2019 for all departments and agencies reporting to the minister, listing:

- the name of the consultant, contractor or service supplier;
- cost;
- work undertaken;
- reason for engaging the contractor, and
- method of appointment?

4. For each department and agency for which the minister has responsibility:

- How many FTEs were employed to provide communication and promotion activities in 2018-19 and what was their employment expense?
- How many FTEs are budgeted to provide communication and promotion activities in 2019-20, 2020-21, 2021-22 and 2022-23 and what is their estimated employment expense?
- The total cost of government-paid advertising, including campaigns, across all mediums in 2018-19 and budgeted cost for 2019-20.

5. For each department and agency reporting to the minister, please provide a full itemised breakdown of attraction and retention allowances as well as non-salary benefits paid to public servants and contracts between 1 July 2018 and 30 June 2019.

6. What is the title and total employment cost of each individual staff member in the minister's office as at 30 June 2019, including all departmental employees seconded to ministerial offices?

7. For each department and agency reporting to the minister, could you detail:

- (a) How much was spent on targeted voluntary separation packages in 2018-19?
- (b) What department funded these TVSPs? (except for DTF Estimates)
- (c) What number of TVSPs were funded?
- (d) What is the budget for targeted voluntary separation packages for financial years included in the forward estimates (by year), and how are these packages funded?
- (e) What is the breakdown per agency/branch of targeted voluntary separation packages for financial years included in the forward estimates (by year) by FTEs?

8. For each department and agency reporting to the minister, how many executive terminations have occurred since 1 July 2018 and what is the value of executive termination payments made?

9. For each department and agency reporting to the minister, what new executive appointments have been made since 1 July 2018, and what is the annual salary, and total employment cost for each position?

10. For each department and agency reporting to the minister, how many employees have been declared excess, how long has each employee been declared excess, and what is the salary of each excess employee?

11. In the 2018-19 financial year, for all departments and agencies reporting to the minister, what underspending on operating programs (1) was and (2) was not approved by cabinet for carryover expenditure in 2019-20?

12. In the 2018-19 financial year, for all departments and agencies reporting to the minister, what underspending on investing or capital projects or programs (1) was and (2) was not approved by cabinet for carryover expenditure in 2019-20? How was much sought and how much was approved?

13. For each grant program or fund the minister is responsible for please provide the following information for 2018-19, 2019-20, 2020-21 and 2021-22 financial years:

- (a) Name of the program or fund;
- (b) The purpose of the program or fund;
- (c) Balance of the grant program or fund;
- (d) Budgeted (or actual) expenditure from the program or fund;
- (e) Budgeted (or actual) payments into the program or fund;
- (f) Carryovers into or from the program or fund; and
- (g) Details, including the value and beneficiary, of any commitments already made to be funded from the program or fund.

14. For the period of 1 July 2018 to 30 June 2019, provide a breakdown of all grants paid by the department/agency that report to the minister, including when the payment was made to the recipient, and when the grant agreement was signed by both parties.

15. For each year of the forward estimates, please provide the name and budgeted expenditure across the 2019-20, 2020-21, 2021-22 and 2022-23 financial years for each individual investing expenditure project administered by or on behalf of all departments and agencies reporting to the minister.

16. For each year of the forward estimates, please provide the name and budget for each individual program administered by or on behalf of all departments and agencies reporting to the minister.

17. For each department and agency reporting to the minister, what is the total cost of machinery of government changes since 1 July 2018 and please provide a breakdown of those costs?

18. For each department and agency reporting to the minister, what new sections of your department or agency have been established since 1 July 2018 and what is their purpose?

19. For each department and agency reporting to the minister:

- What savings targets have been set for each year of the forward estimates?
- What measures are you implementing to meet your savings target?
- What is the estimated FTE impact of these measures?

I have one final question I would like to ask.

**The Hon. D.C. VAN HOLST PELLEKAAN:** Chair, I also want to make a correction, if that is okay.

**The CHAIR:** Yes, minister, you can do that, and then we will allow one further question from the member from West Torrens.

**The Hon. D.C. VAN HOLST PELLEKAAN:** While the shadow minister was reading out his omnibus questions, I was advised by my CE that, with regard to the increase in fees for exploration licences, the department did not consult with industry in a way that would have been considered general consultation. Advice was sought; the department wanted to consult but was unable to do so in the way that we would all consider consultation to actually take place due to confidentiality with regard to the budget and the Department of Treasury and Finance. I just wanted to be sure that I had the record as accurate as I possibly could, having just received that information.



**The Hon. A. KOUTSANTONIS:** Thank you. This is my final question, and you can take it on notice, I do not mind. For your Grid Scale Storage Fund, \$50 million over four years, could you please provide a list to me of what you can make publicly available about how many applications you have had, who has been successful, what the rollout period is for those grants and how much of the grant has been expended.

**The Hon. D.C. VAN HOLST PELLEKAAN:** If you are happy to take that on notice, I will take some advice as well about through the tender process what is fair, and let me say that I am hoping that we can make an announcement on that relatively shortly.

**The CHAIR:** Thank you, minister. Thank you, shadow minister. Thank you, committee members and also advisers. There being no further questions, I declare the examination of the proposed payments for the Department for Energy and Mining to be adjourned and referred to committee B.

At 17:00 the committee adjourned to Friday 26 July 2019 at 9:00.