

HOUSE OF ASSEMBLY
Wednesday 20 June 2012
ESTIMATES COMMITTEE A

Chair:

Mr T. Piccolo

Members:

Hon. M.J. Atkinson
Hon. I.F. Evans
Ms F.E. Bedford
Ms Z.L. Bettison
Mr M.R. Goldsworthy
Mr S.S. Marshall

The committee met at 9:05

DEPARTMENT OF TREASURY AND FINANCE, \$67,538,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE,
\$1,799,067,000

Witness:

Hon. J.J. Snelling, Treasurer, Minister for Workers Rehabilitation, Minister for Defence Industries, Minister for Veterans' Affairs.

Departmental Advisers:

Mr B. Rowse, Under Treasurer, Department of Treasury and Finance.

Mr D. Reynolds, General Manager, Budget Branch, Department of Treasury and Finance.

Mr A. Blaskett, General Manager, Government Accounting, Reporting and Procurement, Department of Treasury and Finance.

Mr S. Hocking, Acting Assistant Under Treasurer, Department of Treasury and Finance.

Mr A. Martin, Executive Director, Corporate Services, Department of Treasury and Finance.

Ms L. Hart, Executive Director, Government Enterprises and Market Projects, Department of Treasury and Finance.

Ms T. Pribanic, Director, Revenue, Department of Treasury and Finance.

Mr P. Williams, Director, Financial Services, Department of Treasury and Finance.

The CHAIR: I apologise to people here today for the unusual circumstances we find ourselves in. With a bit of patience and forbearance by all, we will get through the next five days, hopefully, with a minimum of pain for all of us. I remind all members that, because the microphone system is not like that in the chamber, they are switched on all the time, so anything you say, at any time during the day, will be recorded or heard by others. For those of you who wish to make some private comments, I suggest you leave the table to make your private comment because it will be heard by others. I thought it appropriate to warn people because it could be embarrassing.

By way of explanation, because of the limitations of this room, we have allowed the media to be here, and I understand that to my left is the main media spot in terms of cameras, and that will be shared by all the various television stations.

I have a few remarks I need to make. The estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of proposed payments to facilitate changeover of departmental advisers. I ask the relevant minister and the lead speaker for the opposition to

indicate whether they have agreed on a timetable for today's proceedings and, if so, provide the chair with a copy.

Changes to committee membership will be notified as soon 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, I remind the minister it must be submitted to the committee secretary no later than Friday 21 September 2012. This year, the *Hansard* supplement, which contains all estimates committee responses, will be finalised on Friday 12 October 2012. 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 desire to do so.

A flexible approach will be given to asking questions based on about three questions per member alternating each side. Supplementary questions will be the exception rather than the rule. Members can actually give up their right to ask questions if they wish to do so. A member who is not part of the committee may, at the discretion of the Chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identified or referenced prior to the question being asked. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*.

There is no formal facility for the tabling of documents before the committee, however documents can be supplied to the Chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister. The minister may refer questions to his advisers for a response.

I also ask members to note the tape on the ground. That is, if you like, the informal chamber for the day. I ask that, for everyone's safety, people not cross the line.

I declare the proposed payments open for examination. I call on the minister to make a statement if he wishes and to introduce his advisers.

The Hon. J.J. SNELLING: Thank you very much, Mr Chairman. My apologies to you and to the committee for being late. The last 10 years have seen the South Australian economy grow and prosper. Employment is 18 per cent higher than it was in March 2002 and unemployment has decreased by 1.7 per cent. Gross state product per capita has increased by 19 per cent over the last ten years—growth that exceeds the national average by 3 per cent. Business investment is up 84 per cent.

Where four mines were operating in 2002 there are now 20, exporting iron ore, copper and other minerals around the globe. Today the strength of the South Australian economy is clearly evident. The state looks forward to the benefit of 25 new mining ventures, and the federal government has committed to building 12 submarines, a project that is set to create thousands of jobs in advanced manufacturing.

I can also advise that \$109 billion of investment are either underway or in planning for our state. I am particularly pleased to note that new business investment in the March quarter rose by 4.5 per cent. Unemployment is currently at 5.2 per cent, and the economy is growing despite international turmoil. Our export industries prosper with growth in South Australian exports of 8.8 per cent in the year to April 2012. State final demand grew by 1.7 per cent in the March quarter to be 2.3 per cent higher than the year earlier.

As a state we also face challenges. The recovery of the global economy has been tentative and the eurozone crisis, of course, continues. Global uncertainty is compounded by an uncertainty about federal politics. People are worried, of course, about the potential impact of the carbon tax, and both consumers and businesses are behaving cautiously.

While some sectors of our economy, such as mining and agriculture, are enjoying very strong conditions, other sectors, particularly retail and property, are subdued—the most pressing for the government is adjusting to the largest revenue write-down in this state's history. Compared to last year's budget South Australia's total GST revenue has been revised down by \$1.3 billion over the next four years. Property transactions are at a 25-year low, and this has had a dramatic impact on revenue, with state taxes down by \$1.5 billion compared to the 2011-12 budget.

These tax and GST revenue writedowns combined means that the state will be \$2.8 billion short of the revenues expected when I handed down last year's budget. Like every state Treasurer, this has left me with some difficult choices. The budget is accordingly frugal. We have deferred or suspended a portion of our infrastructure spend and outlined savings in the public sector. We will, nevertheless, continue building the long-term prosperity of South Australia, with \$10.8 billion

committed to infrastructure projects over the next four years. This infrastructure investment is helping to secure jobs for South Australians in addition to providing long-term services for future generations.

Although South Australia remains an affordable place to live, the government is conscious of cost pressures and their effect on middle and low income families. For this reason, the budget introduces no new taxes and also provides some other measures to assist families in managing household expenses. From 1 July there will be a \$30 increase in the maximum and minimum levels of the water concession for owner occupiers and an \$18 increase in the minimum and maximum concession for tenants, as well as a further 5 per cent increase in the energy, sewerage and emergency services levy fixed property concessions.

As well as helping to manage household expenses, we are committed to improving South Australia's quality of life. When the government came to office essential services had been run down and we pledged to restore them. The budget reaffirms our commitment to these services. A substantial portion of the new spending outlined in the budget will also support people, of course, with disabilities and their carers to provide new accommodation, community support and respite services.

The government is determined to manage the state's finances prudently to keep borrowing at sustainable levels and position the state to take full advantage of future opportunities. The budget is frugal as the times demand but foreshadows a brighter future. It is part of our commitment to govern responsibly for the long-term benefit of all South Australians.

The CHAIR: Do you wish to go straight to questions?

The Hon. I.F. EVANS: Budget Paper 3, page 149 talks about liabilities, which leads us to the AAA issue. It took 12 years for the state to restore the AAA credit rating last time Labor lost it. How long do you think it will take to restore it this time?

The Hon. J.J. SNELLING: It is not something on which I can put a time frame. One of the key drivers of that net financial liability figure is the unfunded superannuation liability. In the last 12 months, I think it has gone from approximately \$8 billion to \$11 billion. That has been principally driven by changes in the discount rate. When the unfunded superannuation liability is actuarially determined, the discount rate is used. That is set at the 10-year commonwealth government bill rate.

There has been quite a drastic reduction in that rate down to 4 per cent, so the effect of that has been an increase in the unfunded superannuation liability from approximately \$8 billion to \$11 billion, and that is one of the key things that is driving that net financial liabilities ratio, which of course, then flows on to the AAA.

I cannot change the commonwealth 10-year government bill rate. It is not something I have any control over. When that is having such a large impact on that net financial liabilities figure, I do not think I would be in a position to say by a certain date we will have the AAA. When we established our new fiscal targets in December last year, we set a debt cap on general government borrowings at 50 per cent to government sector revenue.

We believe that puts us at a debt level that is sustainable and a debt level that, when circumstances change, will at least put us in a very strong position to restore the AAA. It will be knocking on the door, in fact, for a restoration of the AAA; but with so many factors that are outside the control of anything the government can do, particularly the unfunded superannuation liability, I would not be putting a time frame on having the AAA back.

The Hon. I.F. EVANS: Why is it that other states which also have an unfunded liability issue and also use the commonwealth bond rate—they have exactly the same bond rate and have Public Service unfunded liabilities—can maintain their AAA credit rating but you cannot? Victoria can, New South Wales can and Western Australia can. Why is it that somehow they can manage this unfunded liability issue but somehow you cannot?

The Hon. J.J. SNELLING: The first thing to say is that Standard and Poor's, in its methodology, provides far more latitude to the bigger states to take on much higher levels of debt than it does South Australia and Tasmania. So whereas the target band, I think, traditionally, for Victoria has been about 120 to 130 per cent of what they call an NFPS (financial liabilities to revenue ratio), for South Australia the target band has been 80 to 90 per cent. So the agencies provide greater attitude to those larger state economies to take on more debt as a percentage of the revenue than they do South Australia. That is the first thing.

The second part of the answer—and this goes to the heart, I guess, of your question—is that whereas in South Australia we apply the discount rate as it is across forward estimates, in New South Wales, as I understand it, when they calculate the unfunded superannuation liability they take the current discount rate for the current liability but then build into their projections about their unfunded liability an improvement in the discount rate. If you have a look at the unfunded superannuation liability and their assumptions in New South Wales, when they worked out what their unfunded superannuation liability would be going forward, they have actually taken into account, or projected, an improvement in their favour in the discount rate. So you will see that unfunded superannuation liability in New South Wales actually coming down, because they have built in an assumption that there will be an improvement in their favoured discount rate over the forward estimates.

Here in South Australia, when we calculate the unfunded superannuation liability, we use the current discount rate; we do not build in any improvement across forward estimates. We use the discount rate as it is now across the forward estimates. So there is a difference in methodology between the way South Australia calculates its unfunded superannuation liability across forwards and the way New South Wales does it.

With regard to Western Australia—and I will double-check this, but this is my understanding; I will come back to the committee if it is wrong—unlike the Eastern States and South Australia, it did not have a defined benefit pension scheme for public servants at least for as long as the other states. So their unfunded superannuation liability has always been much smaller than South Australia's. I will double-check that, but that is my understanding. The final thing I should say is that of Western Australia's total revenues, I think 21 per cent is derived from mining royalties, so it has a much larger capacity to manage the debt it has, to pay that debt down, than South Australia.

The Hon. I.F. EVANS: Comparing yourself to other state treasurers, Treasurer, why is it that Kevin Foley could maintain the AAA credit rating all during his years but you cannot maintain the AAA credit rating? He had to deal with the unfunded liability issue on behalf of the state, the same as you do. Isn't the real reason you are losing the AAA credit rating that your expenses and debt feed into your liability issue, which means that Standard & Poor's has pulled the curtain on you?

The Hon. J.J. SNELLING: There are two things. Firstly, what we have had in the last 12 months is a \$2.8 billion revenue writedown. That is the largest revenue writedown in the state's history. That is the first thing. Secondly, in the last 10 years, the discount rate that has been used to actuarially work out our unfunded superannuation liability, I would think, would be lower now than it has been at any time during that period.

The Hon. I.F. EVANS: Treasurer, last time, to restore the AAA credit rating, this state undertook some drastic steps—electricity assets were leased out, the port assets were leased out, the TAB was sold, the SGIC was sold, the State Bank itself was sold, and the bad bank, SAAMC, was set up to offload a heap of assets. Since then you have announced the sale of the Lotteries, the sale of the forests and, indeed, the sale—effectively, the outsourcing—of Fleet SA, which I think makes an income of around \$20 million, from the budget papers.

How do you see the state restoring its AAA credit rating given that those options are not available to the state? Are you not leaving this state a mammoth task of trying to restore its AAA credit rating given that the asset sales program that your government and previous governments undertook is simply not an option?

The Hon. J.J. SNELLING: The way we will do it—and the reason we will be able to do it—is that we have set a debt cap. We will not take on greater borrowings than 50 per cent of government sector revenues, so the government sector debt peaks in 2015-16 when the new Royal Adelaide Hospital comes online and comes onto our books and peaks at 49.1 per cent. The reason we have chosen a 50 per cent debt cap is that that is a level of debt that we believe the government sector can maintain. When revenues are returned and return to trend, it is a level of debt that will be able to be more than adequately serviced and paid down.

The CHAIR: I have actually allowed four questions. Are there any questions on my right?

The Hon. M.J. ATKINSON: I refer the Treasurer to Budget Paper 3, chapter 7, page 116—Recent economic performance. Could you please provide the committee with more detail about the latest business investment trends in our state?

The Hon. J.J. SNELLING: Thank you, member for Croydon. Since the budget was delivered, we have subsequently seen the release of the March quarter National Accounts data. In South Australia, new business investment rose to \$3.2 billion up 4.5 per cent in the March quarter 2012 and was 13 per cent higher than a year ago in real terms. This is the highest quarterly value of new business investment on record.

This excellent result is not the only indicator of the significant investment currently underway in this state. We have \$109 billion worth of major developments underway or in the pipeline in South Australia, according to the major projects directory of the Department of Manufacturing, Innovation, Trade, Resources and Energy. The state government's investment in critical infrastructure and transport projects is also providing a boost to the construction sector—for example, investment in the new Royal Adelaide Hospital, the Adelaide Oval redevelopment and the South Road superway project.

The mining industry, of course, continues to expand. South Australian expenditure on private non-petroleum mineral exploration was 25 per cent higher in the March quarter compared to a year earlier. When the government came to office in March 2002, there were four mines operating in South Australia. There are now 20 mines operating or under construction. There are currently 25 advanced projects under consideration that are set to commence by the end of 2020.

The high level of business investment is creating the platform for the long-term prosperity of our state, and the large number of projects either underway or planned indicate to me that South Australia's economic prospects are more positive than some of the pessimistic views that have been recently expressed. As the Governor of the Reserve Bank recently stated about the Australian economy, for South Australia 'the glass is well and truly half full'.

Ms BEDFORD: I refer to Budget Paper 3, chapter 3, table 3.4, which is on page 48 and note that the government has not introduced any new taxes in this budget. Could you please tell me more about this and other measures the government has taken to assist low-income families in this budget to cope with the cost of living pressures, in particular, essential spending for housing, water and energy?

The Hon. J.J. SNELLING: The government acknowledges that South Australian households are facing increasing cost pressures due to a range of factors, particularly. This is true right across Australia, and is a challenge for all levels of government. Although many of the things that influence the cost of living are driven by the market, the government still sees that it has a role to play, particularly in relation to helping people on low and fixed incomes, who are the most vulnerable to cost increases in essential goods and services.

In this budget, we have introduced a number of measures to deliver on the government's strategic priority of South Australia being an affordable place to live. Firstly, as mentioned, we have not introduced any new taxes, in spite of the significant state budget revenue downturn. This is important not only because taxes can directly impact on family budgets, but also it ensures employers can have confidence to invest and to employ people.

The government is also providing a once-off water rebate for residential SA Water customers to partially offset the increase in water charges introduced to maintain South Australia's water security infrastructure. To assist low-income households with increasing utility costs, the government will increase the water concession by \$30 from 1 July 2012, and increase energy, sewerage and Emergency Services Levy concessions by 5 per cent. This will raise the total amount of concessions provided by government to around \$200 million each year.

Another initiative announced in the budget to help low-income people cope with increased cost is the introduction of a service to assist households manage their finances. The measures budgeted cost \$1 million a year, and will involve a mix of financial counselling, energy and water audits, budget advice, and advice for individuals and groups on negotiating competitive retail energy contracts. We will be consulting with the community sector to determine the best way to deliver these services, and also in developing improvements to the Emergency Electricity Payment Scheme, which provides financial assistance to people at risk of having their energy supply disconnected.

To support the housing sector, the government has decided to extend the \$8,000 First Home Bonus Grant for another 12 months (to 30 June 2013) to assist people who enter the property market. The cost of that is \$5.6 million in 2013. These measures build on initiatives introduced in previous budgets, including a substantial investment in public transport, education, health and training, which all contribute towards the quality of people's lives.

Ms BETTISON: I refer to Budget Paper 3, chapter 2, table 2.4, page 27. Treasurer, can you please tell me how much is saved by ending the government's lease on the corporate box at the Adelaide Entertainment Centre, and what other measures are taken in the budget to create a leaner government?

The Hon. J.J. SNELLING: I thank the member for Ramsay for her interest. Building on the expenditure restraints set out in the 2011-12 Mid-Year Budget Review, the 2012-13 confronts the shortfall in state revenues. The government has introduced new operating savings measures totalling \$430.7 million over the next four years to reduce the size of government.

These measures include: ending funding for a government suite at the Adelaide Entertainment Centre, saving \$72,000 a year; increasing the efficiency dividend applied to agencies from 0.25 per cent per annum to 1 per cent per annum from 2013-14, which will deliver extra savings growing to \$129.5 million a year by 2015-16; and reducing public sector employment numbers by 1,000 full-time equivalents over three years over the period 2013-14 to 2015-16, which will deliver extra savings growing to \$86.6 millions a year by 2015-16.

We are merging the Department of Environment and Natural Resources and the Department of Water. This will deliver extra savings growing to \$1.9 million a year in 2013-14. We are creating efficiencies in Defence SA following the transfer of some of its property-related functions and staff to the new Urban Renewal Authority. This will deliver extra savings growing to \$350,000 a year from 2013-14.

In addition to these savings, the government has previously announced the abolition of the Department of Planning and Local Government, and it has created the Urban Renewal Authority. The Urban Renewal Authority has taken over the operations of the former land management corporation, along with industrial holdings formerly held by Defence SA, and some development assets formerly owned by the South Australian housing trust.

We will deliver the 15 per cent reduction in ministerial office spending a year earlier than originally planned. This will now be achieved in 2012-13 rather than the original plan of 2013-14. We will not be continuing the Thinkers in Residence program beyond 2012-13 and will conclude the activities of the Integrated Design Commission this calendar year.

The cumulative impact of savings measures introduced since the 2008-09 Mid-Year Budget Review net of targeted new spending measures will result in a decrease of 3,893 full-time equivalent employees between 30 June 2012 and 30 June 2016. As a consequence, the public sector as a percentage of the total workforce will be the smallest that it has been since 2000.

The government's Red Tape Reduction program has also progressed. The first phase of the program began in 2006 and aimed to reduce the cost of doing business in South Australia by reducing red tape by \$150 million a year. The aim was surpassed, with the outcome independently verified at \$168 million at the end of the program in 2008. The second phase of the Red Tape Reduction program lasted three years up to 30 April 2012, with the aim of reducing the cost of red tape for business, including the not-for-profit sector, by a further \$150 million a year. The government is dedicated to continuing to reduce red tape by building on its rigorous regulation minimisation program.

The Hon. I.F. EVANS: Back to page 149, which refers to the whole-of-government debt levels, have you given any thought as to how long it will take South Australia to pay off its \$13 billion debt, given that you are running net lending deficits and net operating balance deficits? Do you have any estimate as to how long you think it will take to pay off the \$13 billion debt?

The Hon. J.J. SNELLING: I will clarify a couple of things. Firstly, the debt at the moment for the 2012 financial year stands at, in the government sector—

The Hon. I.F. EVANS: It is growing to \$13 billion.

The Hon. J.J. SNELLING: You are saying that it is \$13 billion at the moment.

The Hon. I.F. EVANS: It is \$13 billion across the forward estimates.

The Hon. J.J. SNELLING: That is what it is projected to grow to at the end of the forward estimates.

The Hon. I.F. EVANS: Should we rely on that?

The Hon. J.J. SNELLING: Just let me finish.

The Hon. I.F. EVANS: Should we rely on your own figures?

The Hon. J.J. SNELLING: The general government sector debt for 2012-13 is projected to be at \$4.2 billion.

The Hon. I.F. EVANS: Why don't you use the whole-of-government debt?

The Hon. J.J. SNELLING: You are also including the debt that is held by government trading enterprises, such as SA Water. I think SA Water's debt is probably about \$2 billion—

The Hon. I.F. EVANS: I think it is more than that.

The Hon. J.J. SNELLING: —and the total debt held in 2012-13 across government—so, government sector and government enterprises—is \$8.4 billion. It is expected to peak, as you say, across not just the government sector but also those government trading enterprises at \$13 billion in 2015-16. One of the reasons for that, of course, is the accounting treatment for the new Royal Adelaide Hospital. When we take delivery of that, that has a \$2.8 billion impact on the government sector debt, because of the treatment of that. That does not mean we actually have to go out and borrow \$2.8 billion to finance that. However, given that it is a financial liability that we are obliged to pay for 35 years, it has to be given an accounting treatment, so that is the way it is done.

As to how long it will take to pay off, that will be principally driven by our revenues, and our revenues returning to trend in the way that we expect that they will. In 2015-16, if it were not for the Royal Adelaide Hospital, the net lending surplus I think would be about \$800 million. I should say there would be a net lending surplus—

The Hon. I.F. EVANS: So, if it was not for your expenditure you could make a surplus. Is that what you are saying?

The Hon. J.J. SNELLING: Hang on, just let me finish.

The CHAIR: Member for Davenport.

The Hon. I.F. EVANS: If it was not for the hospital you could make a surplus?

The Hon. J.J. SNELLING: If it was not for that accounting treatment of the new Royal Adelaide Hospital, that 2015-16 year would show a net lending surplus of, I would expect, about \$800 million. Going into 2016-17, when you have not got the new Royal Adelaide Hospital coming onto the books in the same way and having that effect on net lending, we project substantial net lending surpluses going forward outside the forward estimates. So, I would be very confident. As I say, we put a debt cap on of 50 per cent of a debt-to-revenue ratio for the general government sector. We are keeping to that cap. We had to make difficult decisions in this year's budget to ensure that we stayed under that cap, and we have done so. The reason why we have that cap is because it is a level of debt that is sustainable. It is a level of debt that, when revenues return to their normal levels, we will be able to more than adequately service and, indeed, pay down.

The Hon. I.F. EVANS: Treasurer, you are budgeting for six deficits in seven years. The one surplus you made in the election year 2009-10 was \$187 million. If you could generate a \$187 million surplus in every budget going forward—and you have not been able to do that in six out of seven budgets, so there is some question mark as to whether you can do that—and apply that \$187 million just to debt repayment and not anything else, it would take us seven years to pay off the debt.

The Hon. J.J. SNELLING: Are you talking about operating surpluses or net lending surpluses?

The Hon. I.F. EVANS: Operating surpluses.

The Hon. J.J. SNELLING: You are looking at the wrong thing. If you are looking at having cash in order to pay down debt, what you need to run is net lending surpluses. Net lending surpluses provide you with cash that you can use to pay down your debt, not operating surpluses.

The Hon. I.F. EVANS: You have not done that in the last six years either. The net is going through the roof. You have no idea when we will be able to pay off the debt, do you?

The Hon. J.J. SNELLING: What we have established is a debt cap, new fiscal rules that we established in December. Those fiscal rules provide us with what I am advised and what I strongly believe to be a sustainable level of debt that this state can easily manage and a level of debt which is consistent with, or better than, the position of other states.

The Hon. I.F. EVANS: Let us go to the fiscal targets that you have now set. Kevin Foley maintained the same fiscal targets for essentially all of his time as treasurer. You have come in and

basically waved the white flag in the Mid-Year Budget Review and changed the fiscal targets. Kevin Foley used to have a target to achieve at least a net operating balance in the general government sector every year—so, a surplus in every year—but you have given that up and now you are essentially saying that you will have a surplus at the end of the estimate period. So, every fourth year you are going to have a surplus.

With your new target, the fact that you have to have a surplus in the fourth year, does that not mean that next year, when you announce your budget, as long as you push out the surplus to the fourth year, you are meeting your budget target? You can have rolling deficits every year but as long as you have surplus in the last year you have met your budget target on that measure?

The Hon. J.J. SNELLING: We are absolutely committed to returning to surplus in 2015-16, by the end of the forward estimates.

The Hon. I.F. EVANS: But that is what you said last year.

The Hon. J.J. SNELLING: That is a commitment we had. What has happened in the last 12 months is that we have had a \$2.8 billion revenue write-down.

The Hon. I.F. EVANS: That is what Kevin said two or three years ago.

The Hon. J.J. SNELLING: There is no way in the world that any government could turn around a \$2.8 billion revenue write-down in one financial year. The fact is that any adjustments you make, any savings that you outline to respond to such a revenue write-down, will take time to roll out. It is just not conceivable; it is not possible. No government, no matter what it did, no matter how far it was prepared to go to cut services to the South Australian public, would be able to turn around a \$2.8 billion revenue write-down and respond to that in the course of one financial year. What we have had to do—

The Hon. I.F. EVANS: Treasurer, the other states are running surpluses.

The Hon. J.J. SNELLING: Just let me finish. I have listened to your questions patiently; allow me to complete my answers. To return to what I was saying, there is no government that would be able to respond in the course of a single financial year—

Mr MARSHALL: Not Victoria, for example?

The Hon. J.J. SNELLING: No, Victoria cannot do it.

The CHAIR: If a member interjects, it will be counted as a question and you will lose the right to that question.

The Hon. J.J. SNELLING: All the states have had difficulty dealing with these massive revenue write-downs, and South Australia is no exception. We have outlined savings measures in response to the revenue write-down. We have also deferred or suspended some of our capital programs as well in response to that revenue write-down. The key target with regard to debt is to remain under the debt cap. That debt cap ensures that any level of debt that we have is a sustainable level of debt that we can afford.

The Hon. I.F. EVANS: Treasurer, I will just go through the fiscal targets that Kevin Foley had.

The CHAIR: Excuse me, member for Davenport; members on my right, do you have any questions?

The Hon. M.J. ATKINSON: I have a question.

The Hon. I.F. EVANS: Do I not get three questions?

The CHAIR: You have; you had four, actually. In fact, if I count the interjections, you have had seven.

The Hon. M.J. ATKINSON: Budget Paper 3, chapter 3—

The Hon. I.F. EVANS: This is the Geoff Boycott of budget committees. You make Geoff Boycott look aggressive.

The CHAIR: I am happy for members to have supplementary questions. If you need to interject and interrupt the Treasurer through a supplementary question, in addition to the fact that you have had your three questions, then you will lose your right, as I indicated. Member for Croydon.

The Hon. M.J. ATKINSON: Treasurer, you may not have heard my reference, I will say it again: Budget Paper 3, Chapter 3, table 3.1, page 43. Can you please tell the committee more about the revenue situation the government was faced with in the lead-up to your budget?

The Hon. J.J. SNELLING: I certainly can. Before policy measures taken by the government in the 2012-13 budget, South Australia's GST grants and taxation revenues were revised down by \$2.8 billion over the four years from the 2011-12 budget. Over \$1.5 billion of this was from the state's own taxation revenues, particularly from property-related taxes, and the remaining \$1.3 billion was due to lower GST grants to South Australia due to revisions the commonwealth made to the national GST pool. The GST has not proven to be the growth tax that it was intended to be when it was introduced and has steadily declined as a share of gross domestic product.

I made this observation in the lead-up to the Standing Council on Federal Financial Relations meeting held in April of this year. The GST Distribution Review Panel has made similar observations. In its interim report, the panel noted that when the GST was introduced the medium-term growth assumption for GST revenue was 6 per cent per annum, yet over the period 2006-07 to 2010-11 GST pool growth has only averaged about 4.4 per cent. When I meet with the GST Review Panel next week, I will again raise this issue, as well as continue to argue in favour of the current arrangements in place to distribute the national GST pool.

Ms BEDFORD: I refer to Budget Paper 3, chapter 1, page 8. In the economic context of the 2012-13 budget, it is mentioned that mineral exports in the year to March 2012 totalled \$4 billion and are four times greater than they were a decade ago. Can you tell me more about this and other economic achievements over the past decade?

The Hon. J.J. SNELLING: Gross state product: the government is proud of the growth that has been experienced in South Australia over the past decade. GSP per capita in South Australia, which is a better measure of living standards than GSP on its own, has increased by 19 per cent in the 10 years to 2010-11, compared to national growth of 16 per cent. The growth in GSP per capita in South Australia was the third highest, behind the resource-rich states of Western Australia (up 28 per cent) and the Northern Territory (up 22 per cent).

Total employment in May 2012 is 18 per cent higher (127,500 jobs) than in March 2002, an average growth rate of 1.7 per cent per annum. Full-time employment has increased by 14 per cent and part-time employment by 27 per cent over that same period. The unemployment rate, at 5.2 per cent, is 1.7 percentage points lower than the 6.9 per cent unemployment rate that was recorded in March 2002.

At \$12.2 billion, new business investment in the year to the March quarter 2012 was 84 per cent higher than the \$6.6 billion in the year to the March quarter 2002, in real terms. Since 2002, South Australia has gone from four mines to 20 that are either operating, under construction or approved. Commodities produced include: iron ore, gold, copper, zinc, lead, uranium and heavy mineral sands. Total South Australian exports have grown from \$9 billion in the 12 months to April 2002 to \$11.7 billion in the 12 months to April 2012 (up 29 per cent).

Mineral exports represented 35 per cent of total South Australian exports in the 12 months to April 2012, up from 11 per cent in the 12 months to April 2002. Mineral exports have increased fourfold over this time period, rising from \$1 billion to \$4 billion. Mineral exploration expenditure has also increased significantly, rising from \$30.7 million in the year to the March quarter 2002 to \$325.1 million in the year to the March quarter 2012, an increase of 959 per cent. Over the same time period, South Australia's share of national mineral exploration expenditure has risen from 4.7 per cent to 8.5 per cent.

Ms BETTISON: The reference for my question is Budget Paper 5, Chapter 1, table 2, page 7. Can you please tell me about the government's capital investment priorities in this budget?

The Hon. J.J. SNELLING: The 2012-13 budget provides a major investment program that delivers on the government's priorities of improved transport, health, education and public housing and transforming Adelaide into a vibrant place to live. It provides \$10.8 billion over four years to continue to rebuild and expand the state's strategic, economic and social infrastructure to accommodate future needs. Government investment expenditure remains at historically high levels, with a budgeted capital expenditure of \$2.9 billion in 2012-13, which is more than double the average capital expenditure for the period 2001-02 to 2008-09. The program will continue to deliver major initiatives, including:

- Major rail projects which, in the forward estimates period, will include the resleepering of all metropolitan lines, the electrification of the extended Adelaide to Seaford line, purchase of new rail cars and upgrade of the Goodwood rail junction, \$1.8 million; and \$675.4 million will be spent over the next three years.
- Securing South Australia's water supplies through the construction of the 100 gegalitre desalination plant and transfer pipeline \$1.8 billion, \$121.3 million of which will be spent over the next three years.
- Undertaking road projects in partnership with the commonwealth to improve traffic flow along the north-south road corridor between Gawler and Old Noarlunga. Significant projects include the South Road Superway, duplication of the Southern Expressway and planning studies to explore options for the section of South Road between the superway and the Gallipoli Underpass, \$1.4 billion, \$715.2 million of which will be spent over the next three years.
- Redeveloping major metropolitan and regional hospitals, providing \$1.2 billion, \$480.5 million of which will be spent over the next four years.
- Redeveloping the Adelaide Oval, \$435.1 million, \$364 million of which will be spent over the next four years.
- Expanding and redeveloping the Adelaide Convention Centre and upgrading the surrounding riverbank precinct, including a pedestrian bridge across the River Torrens, \$405.7 million, \$295.1 million of which will be spent over the next four years.
- Implementing the Enterprise Patient Administration System, the single Enterprise Pathology Laboratory Information System and the Enterprise System for Medical Imaging (these systems will lead to greater connectivity across the health system and provide increased information sharing, efficiency and productivity), \$121.8 million; and the total project cost of that is \$191.7 million.

The 2012-13 budget also announced new infrastructure investments, including:

- Upgrading Goodwood and Torrens rail junctions, \$110 million, and the total project cost of that is \$443 million.
- Construction of new community-based supported accommodation for the disabled, \$75 million.
- Expanding and consolidating mining, engineering, defence and transport vocational education programs into a dedicated advanced facility at Regency TAFE. The total project cost is \$38.3 million, beginning in 2011-12.
- Redeveloping the Parks Community Centre, which will provide new and upgraded refurbished facilities at a cost of \$28.7 million.
- Providing critical traffic-related infrastructure supporting residential land release at Evanston at a cost of \$13.7 million.
- Building a multi-storey car park at the Adelaide Entertainment Centre. The car park will increase parking capacity by 602 spaces, which will be utilised as a Park'n'Ride for major events, at cost of \$11.7 million.
- Improving facilities at Salisbury East High School and Windsor Gardens Vocational College, funded by an allocation for the Department for Education and Child Development's existing major works budget of \$11.3 million.
- Improving amenities at Her Majesty's Theatre and sustainment works at the Adelaide Festival Centre at a cost of \$7.7 million.
- Replacing the Glen Osmond Fire Station, funded by an allocation to the South Australian Metropolitan Fire Service's annual program, \$4.7 million.
- Strengthening the Salt Street Bridge at Port Noarlunga at a cost of \$4 million.
- Refurbishing a building at the Adelaide Dental Hospital and establishing a new Oral Healthcare for Ageing Patients Training Clinic (a partnership with the commonwealth) at a cost of \$2.1 million.

- And, of course, dear to my heart, expanding the Techport Australia Common User Facility to support increased activity to the air warfare destroyer project at a cost of \$2 million.

The Hon. I.F. EVANS: Treasurer, with respect to your fiscal targets, what is the trend growth in household income used in this budget?

The Hon. J.J. SNELLING: The point to make about target 2 is that it only comes into play, obviously, once you return to surplus. The first target is to return to surplus, and, once you return to surplus, then that target 2 comes into play. The fact is that, at the moment, our expenditure growth in real terms is in fact negative. In terms of the household expenditure growth at the moment, the long-term trend would be 5.5 per cent.

The Hon. I.F. EVANS: This is supplementary, Mr Chairman. What is the exact statistic you are using for that measure? What is the name? When I want to look it up on the ABS, or whatever it is, what is the exact name of the measure you are going to use to measure that target?

The Hon. J.J. SNELLING: Gross household disposable income.

The Hon. I.F. EVANS: That is for South Australia, is it?

The Hon. J.J. SNELLING: Yes, for South Australia. The point of that second target is that what we want to avoid is a situation where the government sector is expanding at a greater rate than the private household sector. It is fine for the government sector to expand but, as long as it is not expanding, I guess, greater than the rest of the economy, because, if it is expanding greater than the rest of the economy then obviously in the long run that will place a greater burden on those households in terms of the taxes they have to pay because it has to be paid one way.

We want to contain the growth in government expenditure to the growth in household income—once we have returned to surplus—to ensure that the growth in the government sector is kept at sustainable levels, and that is the point of that second target.

The Hon. I.F. EVANS: Budget Paper 3, pages 5 and 8, refer to the surplus in the year 2009-10, and there is a graph that shows the extra stimulus money that was given to the state in 2009-10. In that year you received a surplus of \$187 million. It is the only surplus in the seven years that I have generally been referring to. I am just wondering how much extra commonwealth money you received in that year that was treated to revenue, and what would have been your deficit had you not received that money and treated it as revenue?

The Hon. J.J. SNELLING: We do not have that number. We would have to check it and come back to you.

The Hon. I.F. EVANS: This is supplementary, Mr Chairman. I think that you can get a fair idea, because on page 8 there is actually a graph that illustrates, and it appears to me that in 2009-10 you received near enough to \$500 million extra under the NFPS stimulus funding. If that \$500 million goes into your revenues then your deficit was significant. The point I am making is that, given that that surplus is really propped up by extra federal government funding, is it not true that we are basically in structural deficit, are we not? You are essentially running, other than that stimulus year, seven deficits in seven years on both measures?

The Hon. J.J. SNELLING: The point to make about that stimulus money is that it is tied to expenditure. It has to go in and come out.

The Hon. I.F. EVANS: It comes out as capital. It goes in as revenue and out as capital.

The Hon. J.J. SNELLING: Not all of it, necessarily.

The Hon. I.F. EVANS: That's my question. It inflates your revenue figure to make your surplus look better.

The Hon. J.J. SNELLING: Sure.

The Hon. I.F. EVANS: I want to know how much the deficit would have been if it was not for that revenue figure.

The Hon. J.J. SNELLING: I would have to get back to you.

The Hon. I.F. EVANS: Well, I have just put it straight to you.

The Hon. J.J. SNELLING: We would have to break down that spending about how that money went out. Obviously, the proportion—

The Hon. I.F. EVANS: I'm happy to get the answer on notice.

The Hon. J.J. SNELLING: —that went out as capital, we would have to break it down. So, the proportion that went out as capital and the proportion that went out as operating, I would have to break that down to give you that figure.

The Hon. I.F. EVANS: Can you do the same exercise, on notice, for me for 2009-10 and also 2011-12? It has the same stimulus impact there.

The Hon. J.J. SNELLING: Sure. But I have to say that all states—

The Hon. I.F. EVANS: But, Treasurer—

The Hon. J.J. SNELLING: Just let me finish. All states are in the same basket. All states treat—

The Hon. I.F. EVANS: But not all states are running seven deficits in eight years.

The Hon. J.J. SNELLING: All states treat their grants from the commonwealth in exactly that same way.

The Hon. I.F. EVANS: We are essentially in structural deficit, aren't we? Six deficits in seven years, probably seven out of seven if you take the stimulus out.

The Hon. J.J. SNELLING: It is no secret that in 2012-13 and 2013-14 we have two years of significant net operating balance deficits.

The Hon. I.F. EVANS: I refer to the GST revenues and Budget Paper 3, page 103. If you look at the GST figures and divide them into the commonwealth budget for the GST pool, over the forward estimates, by your own figures, you are actually getting an increasing level of the GST pool. In your gross state product figures you show that in 2015-16 South Australia is going to grow faster than Australia. We are going to grow at 3.5 and Australia is going to grow at 3.25.

Then, in your budget papers you say that if you get a weaker state economic performance, the HFE process will provide South Australia with a higher share of GST revenues. That is what the budget papers say; so I cannot reconcile your GST estimates. If our GST proportion is going up over the forward estimates, and the annual budget paper says that we are getting a higher level of GST revenues because of a weaker economic performance, how then can the state be growing at a faster rate than Australia in 2015-16? Those figures don't reconcile.

The Hon. J.J. SNELLING: There are two things to state. Firstly, in recent years the proportion of the GST pie that we get has been reduced. The reason for that is because we have been very successful in obtaining capital grants from the commonwealth; in fact, far better than other states. So those infrastructure grants that we receive from the commonwealth have been taken into account by the Commonwealth Grants Commission and, in effect, we lose everything above our per capita share of those grants in GST.

The Hon. I.F. EVANS: That's what happened with the desal plant.

The Hon. J.J. SNELLING: The desal plant, but not just the desal plant—the money for the extension of the Seaford railway, and we received money for the South Road superway. We have received a far greater proportion in infrastructure grants from the commonwealth than our per capita share. That has been taken into account in the equalisation formula by the Commonwealth Grants Commission. In effect, over the last four or five years our GST share has been depressed because of those infrastructure grants. In effect, we are losing above our per capita share of those infrastructure grants through reduced GST income.

The effect of those grants will wash through. The Commonwealth Grants Commission use a three-year rolling average in establishing our share of the GST, so that will wash through the system. Once that has washed through the system, we anticipate that our share of GST will increase.

The other point to make is that as the revenue that Western Australia receives from royalties increases it also loses anything beyond its per capita share of those royalties through the equalisation formula. They lose it through GST. So as their royalties continue to increase they will have a reduction in their GST share, and that will be distributed to the other states. That, of course, will contribute to an increase in our proportion. The reason for the lag is because the Commonwealth Grants Commission uses a three-year rolling average when determining the formula. There is a lag in it, so we expect that we will see that increase in GST, and our share of GST, from 2015-16. So from 2015-16 we expect those factors to wash through, and it is on that basis that we expect an increase in our GST.

In terms of the total GST, that is collected by the commonwealth; we rely entirely upon commonwealth Treasury figures and what they project would be the collection of GST across the commonwealth. In Treasury, we do our own modelling about what we expect our share of the GST to be.

The Hon. M.J. ATKINSON: I refer to Budget Paper 6, Part 2, page 11. What is the government doing to help first home buyers enter the housing market?

The Hon. J.J. SNELLING: I thank the member for Croydon. It is important that first home buyers can enter the property market with confidence. The First Home Bonus Grant was due to be reduced from \$8,000 to \$4,000 on 1 July 2012 and to end on 1 July 2013. In order to support the housing market, the First Home Bonus Grant will now remain at \$8,000 for eligible first home contracts entered into before 1 July 2013. The grant is available for eligible first home buyers who purchase a newly constructed home of up to \$400,000. The grant phases out for properties valued up to \$450,000.

Combined with the First Home Owners Grant of \$7,000, first home buyers who build or purchase a newly constructed home in South Australia could receive up to \$15,000 in government assistance towards the cost of their new home. More activity in the building and construction industry will also mean more jobs for South Australians. It is estimated that over 1,000 first home buyers will benefit from the \$8,000 grant in 2012-13. The government will review the grant's impact on the property market and whether it needs to continue beyond next year.

Ms BEDFORD: My question refers to Budget Paper 6, Part 2, page 96. I would like to know how the government is providing stamp duty concessions for off-the-plan apartment purchases in the Adelaide City Council area.

The Hon. J.J. SNELLING: The historic overhaul of city planning laws announced by the government in March opens up many opportunities to revitalise the city and to make it a viable investment option. The abolition of stamp duty on eligible off-the-plan apartments will help South Australians take full advantage of these possibilities. From 31 May 2012 until 30 June 2014 those people wishing to purchase an apartment within the Adelaide City Council area will receive a full stamp duty concession on off-the-plan apartments valued up to \$500,000. This is a total concession of up to \$21,330.

In the two years following that, from 1 July 2014 until 30 June 2016, there will be a partial stamp duty concession for off-the-plan apartments valued at up to \$500,000. This is a concession of up to \$15,500. Where an eligible apartment has a market value greater than \$500,000 the purchaser will be entitled to a stamp duty concession of \$21,330. For those off-the-plan apartment purchases made between July 2014 and June 2016, stamp duty will be payable on the notional land value of the apartment and the value of any construction already undertaken, not the full market value of the apartment. This land value will be set at 35 per cent of the market value of the apartment, and the value of construction to reflect the nature of work already performed. If no construction has commenced on the off-the-plan apartment, the purchaser will pay a level of duty broadly in line with the duty paid by purchasers of house and land packages.

Those contracts entered into between July 2014 and June 2016 to purchase an off-the-plan apartment with a market value greater than \$500,000 will be entitled to a stamp duty concession of up to \$15,500, adjusted for construction works completed prior to the date the contract was signed. This stamp duty concession will replace the existing Inner City Rebate Scheme.

Ms BETTISON: I refer to Budget Paper 3, page 23. What are the benefits of the one-off water security rebate for SA Water customers in 2012-13?

The Hon. J.J. SNELLING: I thank the member for Ramsay. The one-off water security rebate for SA Water's customers is being introduced in 2012-13 in recognition of the substantial price increases experienced by consumers in recent years. A 26 per cent expected increase was announced in 2011 as the government worked to deliver vital water security infrastructure. It was expected that there would be a similar price increase this year.

The state budget set aside \$45.7 million in order to relieve residential SA Water customers of such projected price increases. The rebate will commence on 1 January 2013. A two-tier rebate will be applied, being \$45 for accounts that had drinking water usage of less than or equal to 120 kilolitres in the prior year and \$75 for accounts that had drinking water usage of more than 120 kilolitres in the prior year.

Properties that have multiple residences on a single land title, such as retirement villages and blocks of flats, will automatically receive a minimum rebate of \$45 and an additional \$45 for each 120 kilolitres billed above 120 kilolitres in the prior year. Included as part of this initiative, SA Water will receive a community service obligation payment of \$600,000 for its implementation and administration costs.

The Hon. I.F. EVANS: Treasurer, referring to Budget Paper 3, page 48, your stamp duties increase is at 3 per cent this year and then at 15.9 per cent, then 16.4 per cent and 16.7 per cent across the forward estimates, so the way I read your forward estimates, they are based on an increasing share of the GST revenue coming to fruition, a higher gross state product than the rest of Australia and stamp duty revenues increasing at 15 to 16 per cent. Who in the industry gave you advice that sales in real estate etc. were going to recover to a point where you can expect stamp duty revenues to increase at 15 to 16 per cent?

The Hon. J.J. SNELLING: Our assumptions about stamp duty are based upon a continuing flat market—essentially the market remaining at the historic 25-year lows that it is at for a further 12 months—and then a gradual return to trend over a period of four years. We are not projecting a return to trend until 2016-17. We think that that is a realistic assumption about the property market. You have to remember that the property market at the moment is at 25-year lows. It has come to 25-year lows in a very short period of time. In fact, its move from trend to its current point has been over the last three years. If you look at page 5—

The Hon. I.F. EVANS: Yes, it is a nice graph.

The Hon. J.J. SNELLING: If you look at Budget Paper 3, the chart on page 5 does not have the trend figure, but you can see how quickly the number of transactions has decreased to its current point from 2007-08 and then steadily gone down since that period, whereas we are predicting a return to trend over a much longer period than that over which it has come down. We think that we are being reasonably conservative in our projections about a return. We do not expect it to return to its normal trend levels until 2016-17, well outside the forward estimates.

You also brought up the issue of GST. Just to reiterate what I said before, with regard to the total GST collection across the country, we used commonwealth Treasury's projections about how much GST will be collected, so we do not factor in any growth in the total quantum of GST collected across the country beyond what commonwealth Treasury tell us they expect it will be. However, we do factor in where we think the relativities will move, and we have been pretty accurate, I think, in the past in making those projections. We are making those projections in the improvement for South Australia—

Mr Marshall interjecting:

The Hon. J.J. SNELLING: Because the commonwealth has—

The Hon. M.J. ATKINSON: You're laughing at your own joke.

The Hon. J.J. SNELLING: Because the commonwealth had a massive writedown in the amount of GST they projected would be collected across the country; it has not had anything to do with what our projections were to be over the relativities.

But, to go back to what I said, the relativities that we project, and the improvement in relativities that we expect, are based upon two facts: the first fact being that we have had more than our per capita share of infrastructure grants from the commonwealth, and that has had the effect of a deteriorating of relativity; and secondly, the growth in mining royalties in Western Australia, which I think is a pretty reasonable assumption. I do not think that there are many commentators who would think that would be an unreasonable assumption, and we would expect an improvement, on that basis, in our relativity.

So, the projections that we have with regard to stamp duty we think are reasonable, and the projections that we have with regard to GST we think are reasonable. As has just been pointed out to me, if you look at page 101 of Budget Paper 3, the last paragraph goes into the volatility that you can expect with regard to stamp duty revenue. It refers to the period since 1995-96:

Over that time, annual growth in total conveyance duty revenue has ranged from negative 20.5 per cent—
so, reductions of revenue of 20 per cent—
to positive 42.4 per cent.

From the period 1995-96 to the present day, you have seen volatility in stamp duty revenue of that magnitude, so it is not unreasonable to expect a return to trend, over a fairly long period of time, of our stamp duty revenues.

The Hon. I.F. EVANS: Supplementary on that: the increase in stamp duties you are talking about, 15 to 16 per cent over each year for three years after this year—so, this year is 3 per cent, three years after that is 15 to 16 per cent—that is actually growing at a faster rate than prior to the GFC. In 2007-08, they grew at 12 per cent. So, what trend are you talking about? Glenn Stevens was out there, in his speech two weeks ago, saying, 'The growth in property values you saw over the last decade is not going to be revisited any time soon.' In fact, that is not the long-term trend. When you say 'trend', are you talking about the trend for the last 10 years, which is probably not going to be repeated? What trend are you talking about?

The Hon. J.J. SNELLING: It is a 20-year trend. So, when we talk about a return to trend, we are talking about the trend over a 20-year period. Our stamp duty predictions are not based or predicated in any way in some sort of boom in the property market that we have seen in the last decade. It is not predicated upon that whatsoever. It is predicated upon the basis of a return to trend, and that trend being over the last 20 years, over a five-year period. The reason for that strong growth is because, at the moment we are sitting at a low, and the number of property transactions are the lowest that they have been in 25 years.

The Hon. I.F. EVANS: Supplementary, Treasurer: why don't we go to your own housing authority that operates in the commercial field, the Urban Renewal Authority. According to Budget Paper 3, page 63, its income figures drop across the forward estimates: \$27 million, \$21 million, \$18 million, and then it bails out. Due to the deferral of commercial property sales, it actually bails out for three years (2011-12, 2012-13, 2013-14). How is it that the property arm of government that is operating in the commercial field is actually saying its sales are going to drop but at the same time you are saying that stamp duties through increased sales is going to prop up your budget?

The Hon. J.J. SNELLING: The first thing I should say is that stamp duty is driven not just by price but also by the number of transactions. So, there are two factors at play that drive our stamp duty revenue.

The Hon. I.F. EVANS: That is right; property values have dropped this year and sales are down.

The Hon. J.J. SNELLING: The Under Treasurer has just pointed out to me that, in addition to that, stamp duty is also driven not just by new housing development but by the total quantum of houses sold across the market. The Urban Renewal Authority's predictions about its revenue are predicated upon, firstly, prices. A deterioration in prices is not, of itself, going to have a dramatic effect on stamp duty revenue, because stamp duty revenue is driven by both transactions and by price. Secondly, the market that the Urban Renewal Authority is in is essentially in greenfield development, and redevelopment. So, the Urban Renewal Authority's markets are essentially in those greenfield developments and of course in urban renewal, in renewing—

The Hon. I.F. EVANS: So, it's in both sectors of the residential market, that's right.

The Hon. J.J. SNELLING: I am more than happy to sit here all day and answer every single question you want to ask—

The Hon. I.F. EVANS: You're not, actually.

The Hon. J.J. SNELLING: I am more than happy to sit here and answer every single question that you want to ask, but please allow me to answer the questions.

The Hon. I.F. EVANS: Put the finger away, Jack.

The Hon. J.J. SNELLING: So, those profit predictions for the Urban Renewal Authority are predicated upon what they think will be the appetite for new housing and new housing developments, and for those urban renewal projects, which is their core business. However, stamp duty is quite a different thing and the drivers of stamp duty are far wider than the drivers of profitability of the Urban Renewal Authority.

The Hon. I.F. EVANS: A supplementary on the Urban Renewal—

The CHAIR: No, you have had two supplementaries. You have had a question, two supplementaries and four interjections—actually, three supplementaries since the question.

The Hon. J.J. SNELLING: I am more than happy to continue to take questions.

The CHAIR: I am happy to have questions asked.

The Hon. I.F. EVANS: That's all right, Treasurer, you have stonewalled for an hour and a half. You only have 35 minutes to go and you're home free.

The Hon. J.J. SNELLING: Keep going; do your best.

The Hon. I.F. EVANS: Why has the Urban Renewal Authority then deferred its commercial property sales for three years?

The Hon. J.J. SNELLING: I would expect that because of the nature of the market at the moment it is not a good time to sell.

The Hon. I.F. EVANS: As a supplementary, why are you selling the state admin building when you admit that in the commercial market it is not a good time to sell?

The Hon. J.J. SNELLING: All that has happened at the moment is that we have engaged a transaction adviser. The transaction adviser will provide us advice about what will be the best time to sell.

The Hon. I.F. EVANS: Supplementary: is the revenue from the sale of the admin building built somewhere into the budget in the forward estimates?

The Hon. J.J. SNELLING: Yes it is, but, as I say, if we have to defer it because of a soft market then we will. We will make the necessary budget adjustment.

The Hon. I.F. EVANS: Can we go, Treasurer, to page 48 on payroll tax. Your employment is budgeted to grow at 0.75 per cent, 1.75 per cent, 1.5 per cent and 1.75 per cent, but your payroll tax is expected to grow at 3.8 per cent, 4 per cent, 3.7 per cent and 3.8 per cent above inflation. How can a 1 per cent to 1.5 per cent employment growth generate 3 per cent and 4 per cent payroll taxes above inflation?

The Hon. J.J. SNELLING: Because it is not just employment growth, it is also wage growth, which is a driver of payroll tax—

The Hon. I.F. EVANS: We have the slowest growing wages in Australia.

The Hon. J.J. SNELLING: —and wage growth is greater than inflation.

The CHAIR: Member for Davenport, I have been advised that members on my right do not wish to ask questions. The floor is yours.

The Hon. I.F. EVANS: Okay. Treasurer, in a previous answer you talked about no new taxes. This budget introduces two new levies: a biosecurity levy and a South-East drainage levy, so how do you sustain the argument that with two new levies coming on-stream in this budget there are no new taxes, and on what basis are you budgeting for tax revenue to grow above CPI? Tax revenue is budgeted to grow at 4.7 per cent, 5.1 per cent, 7 per cent and 7.4 per cent across the forward estimates. You say that you are not introducing any new taxes. You are introducing two brand-new levies and your tax revenue is growing at basically twice the rate of inflation, so you are just taxing people in another way, are you not?

The Hon. J.J. SNELLING: You refer to two levies: the first one, the biosecurity levy, was announced in the 2010-11 budget, not this budget, and the South-East drainage—

The Hon. I.F. EVANS: The legislation is in this budget, Jack.

The Hon. J.J. SNELLING: I am more than happy to take every question the member for Davenport wants to ask, but he does have to allow me to answer the questions. The 2010-11 budget announced the biosecurity levy that he referred to and the 2011-12 budget (last year's budget) announced the South-East drainage levy that he referred to.

The second part of his question, with regard to taxation growth above CPI, if you look at table B.1 on page 143 of Budget Paper 3, you will see that revenue as a share of gross state product in 2015-16 is projected to be at 15.3 per cent. So, the gross state product revenue to the state government is projected to be 15.3 per cent, which is at the lowest level it has been—apart from 2013-14—since the table began.

The Hon. I.F. EVANS: It grows across the table to above CPI, does it not?

The Hon. J.J. SNELLING: Yes, but it is not growing as fast as the economy. The state economy is growing at a faster rate than our revenue, so our revenue, as a percentage of gross state product, declines.

The Hon. I.F. EVANS: Gross state product in 2015-16 is 3.5 per cent, and the revenue according to that is 4.4 per cent.

The Hon. J.J. SNELLING: That is real. That is above inflation. That takes into account inflation. Three and a half per cent is adjusted for inflation. That is real growth.

The Hon. I.F. EVANS: You are saying that the 4.4 per cent is not?

The Hon. J.J. SNELLING: That is right. Just to clarify, Table B.1 on page 143 is the table you are referring to?

The Hon. I.F. EVANS: It does say '% real growth'. I thought that real growth was after inflation. I might be wrong.

The Hon. J.J. SNELLING: There is real growth in our revenue predictions of 4.8 and 4.4 per cent, as that table shows.

The Hon. I.F. EVANS: That is above inflation?

The Hon. J.J. SNELLING: That is real growth; that is above inflation. It takes into account inflation, but that is less than the growth in the size of the economy, and that is why you see that overall reduction as a percentage of GSP in revenue to 15.1 per cent.

The Hon. I.F. EVANS: You are saying to me that the economy will be growing at more than 4.4 per cent above inflation in 2015-16?

The Hon. J.J. SNELLING: Not in that year but over that period, over the forward estimates period. I will allow the Under Treasurer to take you through it.

Mr ROWSE: If you go to the 2011-12 figure, you can see that revenue is a share of GSP at 16.9 per cent. Do you have that in the table there?

The Hon. I.F. EVANS: Yes.

Mr ROWSE: By the end of the forward estimates, it is going down to 15.3 per cent. So, over the forward estimates period, we are projecting a decline in revenue as a share of the total size of the South Australian economy of about 1.6 percentage points. If you go back in history, you can see the numbers all through back to the origins of this table. It started off at about 16.7 per cent and it got up to about 16.9 per cent in 2011-12—it got up to 18.4 per cent in 2010-11. On the projections that we have going forward, revenue, as a share of the size of the South Australian economy, will actually decline over the forward estimates from 2011-12.

The Hon. I.F. EVANS: Just on the two new levies, how will the biosecurity levy be charged? You have been consulting on it now for over two years. Is it going to be charged per head of cattle or per head of livestock, or is it going to be charged on property value? How is it going to be charged and how is it going to be collected?

The Hon. J.J. SNELLING: The Minister for Agriculture, Food and Fisheries has been negotiating that with the industry. It is a question I can either refer to her to come back to me to report on or you can ask her in her session in estimates.

The Hon. I.F. EVANS: So, no-one in Treasury knows, after two years of consultation?

The Hon. J.J. SNELLING: It has been a negotiation that has been carried on by the Department of Primary Industries and by the minister for primary industries. It is a question best directed to that minister.

The Hon. I.F. EVANS: The South-East drainage levy, which is in the budget (a new levy), is that going to be charged based on property, or water? How is that going to be charged?

The Hon. J.J. SNELLING: Again, it is a question I can either refer to the Minister for Water or you can direct it to that minister in the estimates session.

The Hon. I.F. EVANS: So, no-one in Treasury has thought to ask how they are going to be charged?

The Hon. J.J. SNELLING: The person in government who has carriage of that is the appropriate minister. It is a question best directed to that minister.

The Hon. I.F. EVANS: But, ultimately, you are in charge of deciding whether a new levy is introduced.

The Hon. J.J. SNELLING: It is a decision of the government. It is up to the individual department to make determination and negotiate with the relevant sectors about how that levy is administered, and that has been happening. Both the Minister for Water and the minister for primary industries have been carrying on those negotiations. They are best placed to answer those questions.

The Hon. I.F. EVANS: Budget Paper 3, page 14, refers to interest expenses. There are interest expenses all through it, but I will use that as a reference. The Queensland Commission of Audit interim report, released last week, states, on page 23:

As a result, Queensland is paying a higher interest rate on its borrowings than other states, except South Australia.

The Queensland Commission of Audit, an independent set of eyes, has reported that South Australia is paying the highest level of interest on its debt in Australia. I am just wondering why South Australia is now paying the highest level of interest of any state. Even Tasmania is paying less than us, according to this audit commission; why is that?

The Hon. J.J. SNELLING: I think you are confusing the yields on the bonds that are traded in the market with the interest that we actually pay. It might be a better question to ask when SAFA comes before estimates in the next session, and Kevin Cantley from SAFA can provide any additional detail or correct me if I am not accurate in anything I say.

What happens is that the government goes to market, or SAFA goes to market, at regular intervals to issue debt. We sell bonds on the wholesale market and banks, financial institutions and investors buy those bonds for a set rate of interest. When we issue a bond, the interest on that bond is set at the time of issue. We might issue a bond for a five year period (for example) at a 5 per cent interest rate and that interest rate is fixed at that 5 per cent for the term of that bond.

The person who buys that initial bond issue will then trade, often, those bonds on the market—our South Australian bonds will be bought and sold on international money markets—and for varying prices. A bond, by way of example, of \$100 million may trade for less than \$100 million and people will take into account the interest payments that are payable on that bond over the period of time. Because the valuation of the bond changes and the amount that the person has actually paid for the bond changes, the effective interest rate on that bond (which they call the yield) varies.

I have not read the report that the member referred to, but I suspect what they are talking about is not so much the interest that we actually pay but the yield on our bonds at the present time as they are being traded on the market. That will vary, and that can be quite fluid. It can come up and down quite quickly. Generally, the states tend to move their yields and their bonds relative to commonwealth bonds in a fairly uniform way but, occasionally, you will see fluctuations. You might see the yield on South Australia's bonds change relative to Queensland and then come back in under Queensland—they will vary all the time—in between the government actually issuing those bonds to the market.

I will check with SAFA when they are here and Kevin Cantley can clarify, but certainly it is not be accurate to say that, just because the yields on our bonds are greater than the yields on Queensland bonds, it means that we are paying a higher rate of interest than is Queensland.

The Hon. I.F. EVANS: The Queensland Commission of Audit says, 'As a result, Queensland is paying a higher interest rate on its borrowings than other states except South Australia.' Does that not indicate that South Australia is paying the highest interest rate of all the states? Is this not the problem when you lose your AAA credit rating?

The Hon. J.J. SNELLING: I suspect what is missing from the commission's report is new borrowings. As I say, I have not read the report but I can only say that what they are referring to is the bond yields. I have not checked the market lately but, at the moment, our bond yields may well be greater than Queensland but that, of itself, does not mean that we have higher interest costs in our debt than Queensland. As I say, it is probably a question better directed when Kevin Cantley and SAFA are here. He can give you a more fulsome explanation than I can.

The Hon. I.F. EVANS: Given the new debt figures and given that we have now formally been downgraded from the AAA credit rating, has the Treasurer received any advice as to what the extra cost to South Australian taxpayers is likely to be?

The Hon. J.J. SNELLING: Because there are so many different variables when it comes to the interest that we pay on our debt, it is very difficult to isolate what effect the downgrade might

have on the interest that we pay, for example, international markets, what is going on in the world economy or the world economy's appetite for risk. Any number of factors can come into play with regard to the interest that we pay on our debt.

As I have said in the parliament, the credit rating is not the be all and end all when it comes to determining how much interest we pay on our debt. I think that those international money markets are pretty sophisticated when it comes to what they think is a reasonable interest rate for us to pay and the interest at which they are prepared to lend us money, and the factors that come into play go far beyond just the credit rating.

As I said in the parliament last week, the United States of America has a AA+ credit rating, yet it would have, I would say, the lowest bond yields in the world. In fact, it might even be a negative bond yield, from memory. The credit rating in and of itself is only one of many factors which the money markets take into account when they determine at what interest they are prepared to lend us money.

The Hon. I.F. EVANS: Treasurer, I cannot understand why you will not tell us the extra cost to the state. A Queensland Labor government said that losing the AAA credit rating cost that state \$200 million a year. Queensland could calculate it despite all the variances you have just talked about. The New South Wales Liberal government, on the same day that we lost our AAA credit rating, moved to legislate to try protect its AAA credit rating, and it cited an average of \$375 million a year. New South Wales could calculate it under a Liberal government and Queensland can calculate it under a Labor government, but you flatly refuse to tell us the figure.

The Hon. J.J. SNELLING: I will let the Under Treasurer provide some more detail.

Mr ROWSE: There are a number of complexities in trying to work out what a particular figure is; so any of those estimates that have been provided would have been based on a range of assumptions and they would not be contesting the assumptions between the jurisdictions you are talking about. You need to look at what the actual timing of your refinancings are because the current rates are locked in, so those rates on the existing financings will only change when you refinance. You have got to work out what your borrowing profile is going forward for the next period to work out what it actually means.

It therefore does not actually make sense to say what it means this year because what it means this year is already in the interest cost assumptions we have in the budget. I think that what they are talking about is a hypothetical. Once everything is refinanced and you reach your aggregate level of borrowings—whatever end point you want to put on that—then try to work it out on that sort of basis. It is unclear to us that there is an established methodology for doing this. If we were to ask each of the states how they did it there are probably differences in the way in which they have made those calculations.

The Hon. J.J. SNELLING: When we borrow money we do not go out and borrow in one lot. We do not go to market with all our debt at any one particular period of time. We break down our debt into a number of smaller borrowings which will go to market on a rolling basis over a period of time. I think that probably our longest debt bonds that we have got are in a period of about ten years, I would say.

Some of the borrowings that we have got out in the market go out to 2021. We will not know until, I guess, 2021. Of the debt that we have currently got out there, 2021 would be the last bond issue which will need to be refinanced, so we will not know until then the total quantum of the impact of the downgrade. I should also say that, in that period of time, there will be any number of factors which could have an impact on the amount of interest we pay, which will have far greater effect on the interest we pay on our debt than what our credit rating is.

The other thing that the Under Treasurer just pointed out to me is that the spread of the yield on AAA rated bonds and AA+ rated bonds varies all the time. There will be times when the difference between the yield spreads on AAA rated bonds and a AA+ rated bonds will be narrowed, and there will be other times when those spreads will be much larger. It will vary over time. As I say, the debt that we have will not need to be refinanced until 2021—some of that debt; some of it, of course, expires before then.

The Hon. I.F. EVANS: I would expect the majority of that will expire before then.

The Hon. J.J. SNELLING: All of it will expire before then, indeed.

The Hon. I.F. EVANS: All of it? So the longest we have is 2021?

The Hon. J.J. SNELLING: At the moment, with what we have financed, the longest debt expires in 2021, but, of course, over the next few years we will be refinancing debt going to market. I do not know what SAFA's plans are for the terms of that debt, whether it will be long-term bonds or short-term bonds. As I say, when Mr Cantley is here from SAFA he will be able to provide further insight.

The Hon. I.F. EVANS: Treasurer, you went public early in the piece saying that AAA was not that important; if you lost it, it was only going to cost us \$2 million to \$4 million a year. You trotted out a low figure at that point. Someone must have done this complicated calculation for you to trot out that figure. Why is it now that the whole-of-government debt is increasing to over \$13 billion and you cannot ask the same person to give the same advice and tell us what the increased interest rate is going to be?

The Hon. J.J. SNELLING: When I was advised of that informally by SAFA, the \$2 million to \$4 million was the difference between the bond yields of South Australia's AAA rated bond and Tasmania's AA+ rated bond. That is where that figure came from. At the moment, I do not know where we are compared to Tasmania. Again, Mr Cantley will be able to tell you what our bond yields are relative to Tassie. The point is that some time ago the markets had already factored in the likelihood of a downgrade to AA+, so the market's paying—

The Hon. I.F. EVANS: So we've been paying higher rates for longer?

The Hon. J.J. SNELLING: The member for Davenport seems a bit confused about how the markets operate. The fact is that there is not a menu of bonds and their rating and what interest rates you pay. These interest rates vary. Sure, the credit rating on a bond is one factor that is taken into account when a financial institution or the wholesale market is lending you money, but I think the markets have shown a sophistication to look beyond just the mere credit rating that is applied by an agency and look at any number of factors. There are all sorts of external factors which will have rather profound effects on the amount of interest that we pay on our debt.

The Hon. I.F. EVANS: Budget Paper 3, page 38, refers to a \$70.6 million interest payment in regards to the new RAH. It is a six-month payment of \$70.6 million. Just to get it on the record, I am assuming that that \$70.6 million is part of the average \$397 million that we are paying and it is not on top of it.

The Hon. J.J. SNELLING: I am advised that is correct.

The Hon. I.F. EVANS: Good. While we are on the RAH, what is the implicit interest rate which will be used to determine the periodic finance cost or the interest expense which will be recognised by the Department of Health in relation to the lease liability?

The Hon. J.J. SNELLING: It is something I will need to get back to you on. I will take it on notice.

The Hon. I.F. EVANS: I will help Treasury out. The FOI document they released to us shows that the DoH will be using an interest rate of 10.5 per cent. The government has paid a \$300 million risk premium to the consortium as part of the bill to construct and to cover any blowouts and increased costs. That was the reason the government paid the \$300 million extra, so that if there were any extra costs incurred it was at the consortium's risk, not the government's risk. Given that the government can borrow at less than 5 per cent, there would have to have been a blowout of more than \$600 million in the project to reach the same cost to government.

The implicit rate to health is 10 per cent and we can borrow at 5 per cent, so in fact there would have to have been a \$600 million blowout in the project before the government was actually worse off. Given that the implicit rate for health is 10 per cent, when we can borrow at 5 per cent, I am just wondering why the government signed off on that.

The Hon. J.J. SNELLING: The short answer to your question is that the risks taken into account when establishing the value for money do not just include interest risk but also include any number of other risks. However, I will ask the Under Treasurer to elaborate.

Mr ROWSE: When we were doing these comparisons we used the Infrastructure Australia guidelines in working out how to do the risk adjustments. So they were done by Ernst & Young for those parameters—that framework. As the Treasurer said, there are far more risks than just interest rate risk in such a transaction. There are risks in regard to construction costs—be that wages, be that cost of steel, all those sorts of things. The government also managed to insulate itself from those risks as well. So it is not appropriate to do a comparison based on just the interest rate risk; you would also need to do a comparison for the other risks inherent in the project overall.

The Hon. I.F. EVANS: My point, from the Treasurer to Mr Rowse, is that there is a \$2.8 billion figure being added to our debt because of the hospital. On a risk factor of \$300 million, if we had borrowed ourselves at 5 per cent then the risk factor could have been \$600 million, which is a 22 per cent blowout in the cost. There would have to have been a 22 per cent blowout in the cost to government before we were actually worse off; I cannot believe there was a risk of a 22 per cent blowout. What I cannot work out is why the implicit rate for health is 10 per cent and you can borrow at less than 5 per cent.

Mr ROWSE: As I said, because that is taking into account only one of the risks. The risks are far broader than just interest cost risk; it gets into the cost of construction, the ability to deliver on time, wage costs, and a range of other factors. As I said, the way it was calculated was consistent with the Infrastructure Australia guidelines which are used by all governments around Australia in determining value and risk. It was judged, using that methodology, that there was value in transferring those risks to the private sector in aggregate, not just the interest rate.

The Hon. J.J. SNELLING: The Under Treasurer will correct me if I am wrong, but I will just add that those risks are not just during the construction stage of the project but over the period of the contract, operating risks over the 35 years, I think, of the contract.

The Hon. I.F. EVANS: Regarding page 48 and the Casino task force, that was established nearly two years ago?

The Hon. J.J. SNELLING: Yes.

The Hon. I.F. EVANS: Is the \$21 million tax take, increasing to a \$27 million tax take across the forward estimates, based on a no change policy for the Casino?

The Hon. J.J. SNELLING: The member for Davenport is correct; it is based upon no change in the taxation arrangements for the Casino at the expiry of the exclusivity agreement.

The Hon. I.F. EVANS: Will the government rule out changing the tax arrangements for the Casino?

The Hon. J.J. SNELLING: Of course not; why would we? The Casino effectively gets a concessional tax arrangement which was negotiated by the former government when the Casino was sold to SkyCity, the original purchaser. The previous government negotiated a concessional tax arrangement with them. That concessional tax arrangement expires in 2015. The Casino Task Force, which is chaired by a Treasury officer, is in the process of negotiating with the Casino what those new tax arrangements will be.

The Hon. I.F. EVANS: Referring to Budget Paper 3, page 99, Lotteries, why did the government break its commitment not to sell the Lotteries Commission?

The Hon. J.J. SNELLING: We are not selling the Lotteries Commission. We are creating a sublicence which will be offered—

The Hon. I.F. EVANS: Semantics.

The Hon. J.J. SNELLING: —to a private operator to operate that sublicence on the government's behalf.

The Hon. M.J. ATKINSON: Something I am very familiar with from your time in office.

Mr MARSHALL: Interjection!

The CHAIR: Member for Croydon, you will not interject. Member for Davenport, you have the floor.

Mr MARSHALL: I can hardly hear what the Treasurer is saying.

Ms BEDFORD: He's been good all morning; leave him alone.

The Hon. I.F. EVANS: I understand the member for Croydon is sensitive. It is the second-to-last estimate committees in your career, isn't it, Michael?

Ms BEDFORD: Be careful.

The CHAIR: Don't poke him.

The Hon. I.F. EVANS: Referring to Budget Paper 3, page 99, if the lotteries licence is sold, as the Treasurer suggests, how are the full-time equivalents still counted as being in the public sector in 2014, 2015 and 2016, as per the budget paper?

The Hon. J.J. SNELLING: That is based upon SA Lotteries continuing on a business-as-usual basis. In last year's budget, when I announced the creation of a sublicence, I said the existing SA Lotteries' employees would retain their employment status. They would be eligible for deployment elsewhere in the public sector, should they no longer be required as part of the creation of the sublicence. Alternatively, if the purchaser of the sublicence wishes to offer them employment, then that will be something that they will be free to take. What is in there is a fairly conservative assumption about what those employment numbers will be in SA Lotteries.

The Hon. I.F. EVANS: While we are still on lotteries, I note that the lottery taxes increase from \$82 million to \$106 million, so I am assuming there is some reserve of around \$25 million or \$26 million that the government is grabbing as part of the sale.

The Hon. J.J. SNELLING: There certainly is a reserve. The revenue that we receive from SA Lotteries is the dividend, obviously, that SA Lotteries pays to government and then gambling taxes. Under the new arrangement, we will continue to receive gambling taxes from the operator but, of course, we will not receive the dividends. My advice is that, under that 'Gambling taxes' heading, both the dividend and the taxes are included together, so obviously you will see it going up and then when we are receiving the dividends, come the creation of the sublicence, then that is the explanation for that number going down.

The Hon. I.F. EVANS: So there is no cash reserve that the government is going to secure as part of the sale?

The Hon. J.J. SNELLING: Sorry; yes, there is.

The Hon. I.F. EVANS: How much is it?

The Hon. J.J. SNELLING: I misunderstood the member for Davenport; I thought he was talking about the reserve price, not the actual cash reserves that are held by SA Lotteries, so my apologies, as I have misunderstood. Yes, SA Lotteries would have cash reserves. Principally, I think, that would be in unclaimed prizes, but what happens with the unclaimed prizes would be determined as part of the sale process. So, the unclaimed prizes might be included as part of the transaction, or the unclaimed prizes might be returned to government.

The Hon. I.F. EVANS: I refer to page 17 of Budget Paper 3. There is a new item in the budget called 'Operational slippage', valued at \$75 million. Can you just explain to me what an operational slippage is, and what is its purpose?

The Hon. J.J. SNELLING: It is basically underspending by departments. Historically, every year we experience underspending on the operating side. Year after year, departments underspend their budgets, and you will see the \$75 million is offset the following year.

The Hon. I.F. EVANS: Just explain to me how this works. You give each agency their budget, and over a 12-month period they desperately try to spend it. At the end of the year you suddenly discover they have underspent their budget, and you are saying that there is going to be at least \$75 million of underspend that you can somehow grab and spend on other programs; is that what you are doing?

The Hon. J.J. SNELLING: Generally, what it is is commonwealth money. So, it is commonwealth money going to government agencies that agencies then spend. Sometimes agencies are not able to spend all that commonwealth money in a particular year and they apply for a carryover. So, they have to apply to me for permission to carry that money over. If it is commonwealth it is always the case that I will approve that carryover, and so that operational slippage number just reflects that back.

The Hon. I.F. EVANS: So it is not like a contingency line that you can use to offset other expenditure?

The Hon. J.J. SNELLING: No, it has to be spent—particularly the commonwealth money—for the purpose to which it was approved.

The Hon. I.F. EVANS: And what about the capital slippage? Is that essentially a slush fund?

The Hon. J.J. SNELLING: No, it is not.

The Hon. I.F. EVANS: At the last election, for instance, Kevin Foley came out and announced that the Southern Expressway was going to be funded out of capital slippage. I am just wondering, given that it is not a slush fund, how that works.

The Hon. J.J. SNELLING: Any capital expenditure that we receive in a given year, or that we appropriate in a particular given year, that is not spent in that year has to be carried over to that same project the following year; it cannot just be pocketed and spent elsewhere. Of course, occasionally you might have a capital project come under budget. When it comes under budget, then that money comes back to Treasury through the budget process and either comes back to the budget bottom line or cabinet may make a decision to expend it onto some other purpose. It is not, in any purposes, what you have described it as.

The Hon. I.F. EVANS: During the last election campaign did Treasury cost any of the opposition's policies—during the caretaker period?

The Hon. J.J. SNELLING: I wasn't the minister at the time. I would have to find out and get back to you.

The Hon. I.F. EVANS: A FOI released to the opposition would seem to indicate that there was some costing done on payroll tax rebates for trainees and apprenticeships. Can the Treasury office confirm, during the caretaker period, whether anyone from Treasury costed any of the opposition's documents?

The Hon. J.J. SNELLING: I am more than happy to find out and come back to you. I would need to have a look at that FOI document. I am more than happy to come back to the member for Davenport and the committee with a response, but I was not the minister at the time.

The Hon. I.F. EVANS: Page 19 refers to the Adelaide Oval, and, of course, we have had the issue that has been well reported about the fudge of the grant out of operational to capital. Given that the agreement was signed with the Stadium Management Authority in November and the Mid-Year Budget Review came out after the agreement was signed, why didn't the Treasurer change it from operational to capital in the Mid-Year Budget Review? Why did you do it in the budget?

The Hon. J.J. SNELLING: I think it was because it was principally driven by the legislation—wasn't it, that treatment of it, or—

The Hon. I.F. EVANS: It was through by then.

The Hon. J.J. SNELLING: The signing of the contract was in November. By the time Treasury had an opportunity to conduct an appropriate analysis—in defence of Treasury, they were not involved. It firstly had to be dealt with or processed by the—

The Hon. I.F. EVANS: They would have seen the legislation.

The Hon. J.J. SNELLING: —department of transport.

The Hon. I.F. EVANS: They get the 10-day rule under cabinet. They get to see the legislation before it goes to the parliament.

The Hon. J.J. SNELLING: The treatment of it as a capital expense rather than an operating expense was not able to be determined until after the Mid-Year Budget Review. I will come back to the point: the member for Davenport described it as a fudge. The simple fact is that the way that the Adelaide Oval expenditure has been described in this budget is consistent with all other infrastructure spending that the government does. When the government spends money on capital then it is treated as an investing expenditure, it is not treated as an operating expenditure.

What was unusual was the way it was previously described as an operating expense, because it was at that time thought that the retention of the control of the asset would reside with the Stadium Management Authority, not with the government. That changed, so ultimately the control of the stadium now rests with the government, but I think the arrangement is that the SMA lease it off the government for some sort of rent. As such, it has to be treated in the way that normal capital expenditure is treated. So, the way it is being treated in the budget is consistent with all other capital expenditure. If there was anything different, it was unusual for it to be treated as an operating expenditure rather than a capital expenditure.

The Hon. I.F. EVANS: In relation to police Recruit 300, Budget Paper 3, page 33, the police commissioner told the Budget and Finance Committee on 6 February in regard to the police 300 slowdown at the Mid-Year Budget Review that they had already made commitments in recruiting. He says:

We already had made offers and had acceptances for 99 from the UK...From a contract point of view, we could not simply change those things...We had to go back to the Treasurer and ask that they rephrase what was proposed in the Mid-Year Budget Review.

What he was saying is that you wanted to cut even further in the Mid-Year Budget Review than you ended up doing. Was there a miscommunication between your office and the police about the exact position?

The Hon. J.J. SNELLING: No, there wasn't, and that is not what the police commissioner was saying at all. The proposal has always been to draw out the Recruit 300 from a period of four years to six years. What the police commissioner was talking about was simply the profiling of that expansion of it from four years to six years, or the lengthening of that recruitment from four years to six years. Originally what we went to the police commissioner or the police department about was that it be expanded from four years to six years, with a fairly even spread across those four years, a reduction in the recruitment across those four years, and the allocation to the final two years.

The police commissioner came back to the Department of Treasury and said that he had already made commitments for recruitment in the first year or two, I think, and that essentially those police had already been recruited or were on the way, so he would exceed his recruitment in that first year. So, to accommodate that reality, we simply had to change the profiling of that recruitment over the six years, but we still achieved the saving that we set out to achieve.

The CHAIR: Do you want to finish off one question on this?

The Hon. J.J. SNELLING: Just a quick one.

The Hon. I.F. EVANS: A quick one, okay. Treasurer, you say that the other states have suffered similar revenue write-downs but, according to the other states' budgets, South Australia is running bigger and longer deficits than four other states put together. If you look at New South Wales, Tasmania, Victoria and Western Australia, only New South Wales and Tasmania are running deficits in the 2012-13 year. Victoria and Western Australia are running surpluses across all their forward estimates and New South Wales and Tasmania are running surpluses across the out years, 2013-14, 2014-15. We are the only state that has delivered a budget so far where we are actually running bigger and longer deficits. We are running deficits for three years. If you add up the deficits, the deficits for New South Wales and Tasmania add up to \$1.17 billion. Our deficit adds up to \$1.66 billion. So, South Australia, with only 1.7 million people, is running a bigger deficit than four states combined and longer deficits than four states combined. Is that not indicative of the mess that you have got the budget in?

The Hon. J.J. SNELLING: The member for Davenport said he would ask a quick question. I think this is a question that will require a substantial answer.

The CHAIR: You asked for a quick question, not a quick answer.

The Hon. J.J. SNELLING: The short answer is that it is always difficult to make comparisons between the states. They have different government structures, different structures in the way they treat their business enterprises, different ways to calculate budgets. This does not come to the budget deficit issue, but just looking at the way different states make calculations about their unfunded superannuation liability gives you some clue as to how different methodologies can make the appearances seem quite substantial.

The other point I would make, particularly with regard to Victoria, is that in their budget they had a substantial extraction of dividends from their government corporations, in particular, from memory, their equivalent of the Motor Accident Commission. So, in order to make that operating position look better than it actually is, they have extracted substantial dividends from at least a couple of their government business enterprises to achieve that. I would not call basically raiding a government business enterprise of its reserves a particularly sustainable way to do your budgeting.

Mr MARSHALL: None of ours have got any reserves to raid.

The Hon. J.J. SNELLING: The member for Norwood interjects. The Motor Accident Commission has substantial reserves. It is essentially fully funded, or very close to being fully funded.

Mr MARSHALL: Only in the past 12 months. You've got a green paper out on that at the moment.

The Hon. J.J. SNELLING: The member for Norwood should not talk about things he does not really understand.

The CHAIR: He would never speak then, would he?

The Hon. J.J. SNELLING: It would be the equivalent of me going to the Motor Accident Commission—

Mr MARSHALL: It really shows the impartiality of the chair.

The Hon. J.J. SNELLING: —and raiding its reserves in order to prop up the budget. I do not think that that is particularly sustainable or a wise thing to do.

The CHAIR: In accordance with the agreed timetable, I advise that the committee stands suspended until 11.30.

Mr MARSHALL: I'll lodge a complaint about that impartial comment.

[Sitting suspended from 11:14 to 11:30]

Membership:

Mr Venning substituted for Mr Goldsworthy.

Departmental Advisers:

Mr B. Rowse, Under Treasurer, Department of Treasury and Finance.

Mr K. Cantley, General Manager, South Australian Government Financing Authority.

Mr J. Powell, Director, Financial Markets, South Australian Government Financing Authority.

Mr R. Smith, Chief Executive, Funds SA.

The CHAIR: We have the same line open; however, we have different advisers. I understand we are looking at SAFA, Funds SA and RevenueSA, and later the Motor Accident Commission. Is that your understanding, Treasurer?

The Hon. J.J. SNELLING: That is correct.

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

The Hon. J.J. SNELLING: No, I do not.

The CHAIR: Member for Davenport.

The Hon. I.F. EVANS: Can you advise the committee of what the debt structure is for South Australia's debt going forward? How much of it is going to have to be refinanced over the next four to five years?

The Hon. J.J. SNELLING: I might invite Mr Cantley to answer that question.

Mr CANTLEY: SAFA issues bonds in the domestic market, so some short-term paper in the domestic and offshore market. On our longer-term bonds, which we refer to as select lines, we have maturities in 2013, 2014, 2015, 2017, 2019 and 2021: the amount for 2013 is about \$2 billion maturing, for 2014 it is about \$1.75 billion maturing, for 2015 about \$2 billion maturing, for 2017 about \$2 billion maturing, for 2019 \$0.75 billion maturing and for 2021 about \$1.23 billion maturing. We also have about \$2.5 billion to \$2.8 billion of short-term paper maturing, both euro commercial paper and promising us what it should be in the Australian market.

The Hon. I.F. EVANS: On 25 April of this year, Moody's put out a statement that South Australia's debt structure is quite short-dated, with 73 per cent maturing in less than five years. Is that a fair statement? Is 73 per cent in the next five years about right?

The Hon. J.J. SNELLING: It is about correct.

The Hon. I.F. EVANS: If 73 per cent of our debt is maturing in the next five years, does that mean that, given that we will not have the AAA credit rating back in the next five years, we will be refinancing at a time when our credit rating is lower and therefore the cost to refinance would be higher than if we were AAA rated?

The Hon. J.J. SNELLING: As I have said previously, the credit rating is just one of many factors which determine the interest we pay on our debt. Certainly, the downgrading will be one factor, but money markets are pretty sophisticated and have proven themselves to be pretty sophisticated, and will look beyond just the credit rating assigned to us by Standard and Poor's. But

it is true to say that over the next five years slightly less than three quarters of our debt will be refinanced, yes.

The Hon. I.F. EVANS: So over the next five years three quarters of our debt will be refinanced, and you have already received informal advice from SAFA and some time ago you made the statement that our extra cost of losing the AAA was going to be \$2 million to \$4 million a year. That was based on a very small amount of debt compared to the debt we have got going forward. Has SAFA done any modelling on what the extra cost to the state might be, given that we are refinancing 73 per cent of our debt over the next five years? Surely, it would have been in the state's best interests to maintain the AAA credit rating and not refinance 73 per cent of our debt when we are at a lower credit rating. Surely, it would be financially better for the state, in interest terms, to have refinanced when it was AAA.

The Hon. J.J. SNELLING: The first thing to say is that we have to refinance when our bonds expire. We do not have an enormous amount of discretion to go to market. When those bonds expire is when we have to refinance. We have some capacity, I have to say, because we do keep some reserves, so we do have some capacity to not go to market at times when it is not going to be wise for us to go to market, for whatever reason—external factors might have a role to play. So we do have some capacity not to return to market but, essentially, we have to go to market when those bonds expire.

However, again, it is not just the credit rating. There are also underlying interest rates which determine the interest that we pay, and I think it would be fair to say that, of late, we have seen a decline in those underlying interest rates, so I would expect that the interest we actually pay on the new debt that we issue over the next five years would be less. I will get Mr Cantley to add to that.

Mr CANTLEY: To add to the Treasurer's response, for example, our 2010 bond issue is now 1.5 per cent lower than what it was at the beginning of the financial year. So we are borrowing at rates a lot lower than they were at the beginning of the financial year.

The Hon. I.F. EVANS: Thank you, Mr Cantley. I understand that, but we are talking about 73 per cent of the state's debt being refinanced within five years. There is no guarantee where interest rates will be over that five-year period but one thing we know for sure is that the general rule is that a AAA-rated state will generally have a less cost than a AA+-rated state. The point I am making is we are about to go into refinancing the vast majority of the state's debt at a time when we are going to be at a low credit rating and might even be downgraded again. Surely, that has to have a cost impact on the state's bottom line.

The Hon. J.J. SNELLING: As I have said, there is no doubt that the credit rating does have a role to play in the amount of interest we pay, but it is not the be-all and end-all. Sure, we may be going and refinancing with a lower credit rating than when initially those bonds were issued. However, it remains the case that the underlying interest rate has declined in that period, so the interest rate that we actually pay we would expect to be less than the interest rate that we paid when we issued those bonds with the AAA credit rating because of the decline in the underlying interest rate in that period.

The Hon. I.F. EVANS: Yes, but if you were AAA credit rated, Treasurer—

The Hon. J.J. SNELLING: It might even be lower, that is true to say. Sure, I accept that. It might even be lower, but it is one of many factors. It is not just driven by the credit rating. The interest that we pay on our debt is one of many factors which determine the interest that we pay.

The Hon. I.F. EVANS: What is the spread at the moment between South Australia and, say, New South Wales or Victoria? They are AAA credit rated, South Australia is not. What is the spread?

The Hon. J.J. SNELLING: About 40 to 50 basis points, I am advised. However, that is the yields on the bonds, so that does not mean that we are paying that difference necessarily on the bonds that we have issued.

The Hon. I.F. EVANS: But it is indicative of how the market sees the economy in the state, isn't it?

The Hon. J.J. SNELLING: The yields on the bonds are being traded in the markets at the moment. I am just being advised that, at the moment, there is a fair bit of volatility in those spreads. Those spreads are moving substantially at fairly short periods of time. It is 40 to 50 basis points at the moment, but that may not be the case for long.

The Hon. I.F. EVANS: Is there any state higher than us? Queensland's Audit Commission report says that Queensland is currently 30 to 40 basis points higher. It has just moved above Tasmania. Are we the highest?

The Hon. J.J. SNELLING: At this very point in time the yields in our bonds are higher than every other state.

The Hon. I.F. EVANS: Is that not a measure about how the market sees the state economy?

The Hon. J.J. SNELLING: It is one of the things they are looking at, but any number of factors can influence those yields. As I say, at the moment they are very volatile. They will move around substantially over the next 12 months.

The Hon. I.F. EVANS: Yes, but all the Australian states are working in the world economy and all the Australian states are working in the Australian economy and the market is judging us differently. We are at the highest basis point level. Is that not an acceptance by the market and a judgement about the market that the South Australian budgetary position is weak and that our economy is struggling?

The Hon. J.J. SNELLING: No, I do not accept that at all.

The Hon. I.F. EVANS: Why else would it be so high?

The Hon. J.J. SNELLING: I do not accept that at all because those yields and those bonds are where we sit relative to the other states, which could change very quickly given the volatility of the markets.

The Hon. I.F. EVANS: When was the last time we were lowest then if it is so volatile? I would guess to you that, in the last year, we have always been in the top one or two.

The Hon. J.J. SNELLING: No; not even close. Western Australia and Victoria would have the two lowest bond yields.

The Hon. I.F. EVANS: I said the top one or two.

The Hon. J.J. SNELLING: We are not even close. We would probably always be in the bottom half.

Mr ROWSE: I think that there is a difference in interpretation here about the top versus bottom.

The Hon. J.J. SNELLING: I am sorry; I misunderstood.

The Hon. I.F. EVANS: I mean the highest spread.

The Hon. J.J. SNELLING: I beg your pardon. Probably over the last couple of years Queensland and Tasmania would probably have had the highest bond yields. We have probably traded, even when we were AAA credit rated, roughly the same as Tasmania, or a bit better than Tasmania. As I say, these yields change every day. You could ask at any particular point in time and you will get a different answer about where we are trading relative to the other states.

The Hon. I.F. EVANS: What is the latest advice from SAFA in regards to the extra cost to the state for losing the AAA credit rating—the downgrade?

The Hon. J.J. SNELLING: The difficulty is that when I gave that figure last year, \$2 million to \$4 million, that was based on the spread of South Australia relative to Tasmania, Tasmania then being a AA+ and South Australia being a AAA. Now, South Australia is, in fact, trading with a higher yield than Tasmania, so it is pretty hard to give an indicative figure about what the cost might be. SAFA have not sat down and done a comprehensive analysis, which is really what they would be required to do to give you an answer on what the cost would be or what the difference would be on the interest payments on our borrowings, us being AA+ rated as opposed to being AAA rated.

The Hon. I.F. EVANS: So let me get this right. When the Treasurer wants to go out and play down the cost to the community of the loss of the AAA, the system can come out with an estimate. When the Economic Development Board wants to write an opinion piece for the local media and use the figure, they can get an estimate done—\$2 million to \$4 million—a low estimate. However, when Her Majesty's loyal opposition asks, over a six-month period, what is the cost to the state of losing the AAA credit rating, it is all just too hard to calculate. How is that? That is just rubbish.

The Hon. J.J. SNELLING: No, it's not—

The Hon. I.F. EVANS: Why is it that you can calculate it at one point in time but not another point in time?

The Hon. J.J. SNELLING: I have already explained. The simple fact is that last year, when I gave that figure of \$2 million to \$4 million, I qualified at the time that that was the difference between the yields on our bonds relative to the yields on Tasmanian bonds. We have now moved to a situation where the yields on our bonds are greater than the yields on Tasmanian bonds, so you cannot make the same comparison. Mr Cantley has something he can add to that.

Mr CANTLEY: As the Treasurer said, in making that calculation there are some very broad assumptions that you need to put in place, the key one being when you refinance the debt what will be the spread prevailing at the time you are refinancing it. So right here, right now, until we raise new money in the market and until we refinance our debt, the higher margins between the AAA and where South Australia would borrow will not have flowed through as yet, so we need to make an assumption. That assumption could be, you might assume, an average of where it has been for the last year, which might be about 20, 25 points, or you might assume it is where it currently is, at 50 basis points. But it is very difficult to make that assumption if it is 50 basis points for the next five or 10 years to calculate the number you are looking at. You can do the calculation of the amount of debt being borrowed and refinanced times X, and X is the unknown in terms of coming up with the precise number.

The Hon. I.F. EVANS: Mr Cantley, I assume if the Treasurer asked you to calculate the figure you could make those assumptions and come up with a figure. In New South Wales someone has advised their Treasurer that to lose their AAA credit rating it would cost them \$3.75 billion over 10 years. So, someone in your position in New South Wales has made the calculation. In Queensland, when they lost their AAA credit rating, they made a calculation of \$200 million. My point is that the state is refinancing 73 per cent of its debt in the next five years, and we are going to be lower rated than we could have been, and that is going to cost us more as a result come refinancing that debt. My question to the Treasurer is: if you wanted to find out an estimate could you not ask SAFA to provide that estimate?

The Hon. J.J. SNELLING: I might ask Mr Rowse to provide an answer regarding New South Wales' estimates relative to what we do.

Mr ROWSE: As I mentioned earlier, if you compare the New South Wales number with the Queensland number, they must have been done on entirely different bases. That was the point I was making, in the sense that there is no established methodology for working out how you actually do this. This is one of those matters where you can tell what it has cost after the event, but it is hard to project what it is going to cost beforehand, because there are so many uncertainties around what happens to margins over a long period of time. We have seen that just in the last 12 months with how margins have moved for AA+ versus AAA rated jurisdictions. Therefore, locking in an assumption which goes forward for another 11 years is probably not reasonable.

The Hon. J.J. SNELLING: One of the key drivers for the demand for our bonds are the APRA rules with regard to financial institutions and the reserves they are required to have. Some of those reserves have to be held in either AA+ or AAA rated bonds. That is increasing the demand in the market for the debt that we issue.

The Hon. M.J. ATKINSON: I refer to Budget Paper 4, Volume 4, Sub-program 5: Revenue Collection and Management, page 161. What progress has RevenueSA made in ensuring that taxpayers are paying the correct amount of tax?

The Hon. J.J. SNELLING: I thank the member for Croydon for his question. RevenueSA is charged with securing the revenue that the state government is entitled to collect. During the 2011-12 financial year it is estimated that RevenueSA will collect approximately \$3.1 billion in revenue. The cost to government to collect its taxes is estimated to be 69¢ for every \$100 of tax collected in 2011-12, which compares favourably with other state and federal revenue agencies.

As part of these efforts, RevenueSA's target for the 2011-12 financial year is \$70 million in revenue collected through compliance activities. Compliance strategies used to collect this revenue include promoting, improving and encouraging voluntary compliance by ensuring taxpayer awareness of their obligations. This is achieved through a blend of active compliance activity and educational measures which ensure that taxpayers understand and meet their obligations.

The two main areas where RevenueSA's compliance resources are directed are high risk audit matters and debt management activities. These key activities are supported by the use of

sophisticated data matching and data analysis techniques, which assist in the identification of targets which demonstrate the highest risk to revenue. Data matching and analysis utilise data from a variety of sources, including other state and territory revenue offices, the Australian Taxation Office and WorkCover SA.

Debt management activities are a significant element of the overall compliance strategy. The debt management team handles referrals of outstanding debt from all operational areas of RevenueSA as well as referrals of outstanding debt as a result of compliance activity. In addition to outbound calls, field visits and letters of demand, the debt management team utilises a range of tools to assist in securing debt, including placing a caveat over the first charge on real property, imposing a garnishee order for any money due and owing to a taxpayer, and the imposition of penalty tax and interest. Where a taxpayer is able to show financial hardship, or in other specific circumstances, an instalment arrangement may be facilitated to enable the taxpayer to meet their liability. Instalment arrangements are subject to interest and other conditions dependent upon the tax type, the value of the debt and the length of the arrangement being sought.

The compliance revenue collected result has been achieved by utilising 88 FTEs directly in compliance work, which is complemented and assisted by RevenueSA employees in other operational areas, such as assessment, policy and IT support.

Some of the areas that the compliance branch has focused on in the 2011-12 financial year have been: unregistered employers for payroll tax; RevNet higher risk transactions and voided transactions; land tax residential requirement and primary production exemptions; and First Home Owner Grant (FHOG) residency requirements and prior relevant interests. The government remains committed to ensuring that the tax revenue is collected effectively, efficiently and fairly.

Ms BEDFORD: My question refers to Budget Paper 3, chapter 6, page 111. Have there been recent changes to Funds SA's investment strategies in light of the ongoing financial market volatility?

The Hon. J.J. SNELLING: There have. Funds SA has taken a number of actions since the start of the global financial crisis. In summary, Funds SA has positioned the portfolios more defensively in light of the extreme volatility and uncertainty prevailing in financial markets. The changes have an emphasis on decreasing the allocation to more volatile growth assets—namely, shares listed on Australian and international markets—with an offsetting increase in mid-risk assets which have both defensive and growth characteristics, such as property and corporate credit, as well as infrastructure.

Since the start of the global financial crisis, the Funds SA balanced fund strategy, for example, has seen a reduction in the allocation to shares from 56 per cent to 40 per cent, an increase in the allocation to property from 9 per cent to 12 per cent and an increase to corporate credit from 8 per cent to 15 per cent. Funds SA continually monitors financial markets closely and will refine the investment strategy where appropriate.

Ms BETTISON: Treasurer, my question refers to Budget Paper 3, chapter 4, page 82. How do Funds SA's returns compare to industry benchmarks?

The Hon. J.J. SNELLING: Funds SA operates on a cost-recovery basis resulting in a competitive fee scale. Investment fees vary according to the strategy chosen for each client. The Funds SA balanced fund investment fee—note that the balanced fund is the default option for the state's superannuation accumulation schemes—is estimated to be just over half of 1 per cent (or 52 basis points).

The estimate for next financial year, 2012-13, is just over half of 1 per cent (or 56 basis points). The investment fee compares favourably with industry averages. For example, the fee survey, conducted by Chant West and released in December 2011 for products with similar asset allocations to the Funds SA Balanced Fund, revealed an average investment fee of 0.69 per cent (or 69 basis points).

The Hon. I.F. EVANS: Just on the returns out of Funds SA, they do the investments, do they not, for Super SA, for the super schemes?

The Hon. J.J. SNELLING: Yes, they do.

The Hon. I.F. EVANS: I just had a lot of fun reading the last three annual reports for each of the entities, including Super SA, and I just noted that funds under management took a significant hit in the 2007 to 2009 period. All the different pension schemes were affected in significantly different ways, and I am just intrigued as to why. The Triple S scheme dropped around 8 per cent

or \$400 million under management in that time; the pension scheme dropped around 22 per cent or a billion dollars; the ambulance service scheme dropped about \$14 million; and the flexible rollover scheme increased by about 50 per cent or \$50 million.

Given that they are all under the one investment manager, I am just wondering how they returned such significantly different outcomes over the 2007 to 2009 period, which I accept is the period during the GFC. I am just interested as to why the four schemes performed so significantly differently.

The Hon. J.J. SNELLING: Mr Chairman, I will introduce Mr Richard Smith, who is the Chief Executive of Funds SA, and I will invite him to answer the question.

Mr SMITH: I think the flexible rollover product—and I am speaking on behalf of Super SA here—has taken in a lot of money as more people have been retiring. The different percentages that you read out really relate more to cash flow going between schemes, rather than the actual investment returns. They are not the investment returns of those particular options but relate to the aggregate movement in the total funds of each of those entities, which is determined by contributions being made by members as well as benefit payments being made to members.

The Hon. I.F. EVANS: So you are saying that the decrease in funds under management was not due to investment returns?

Mr SMITH: Over that period, part of it would have been, yes.

The Hon. J.J. SNELLING: It is affected by the returns on investments, the amount that has been contributed to those funds and the amount that is being paid out of those funds—so, those three factors. Obviously, depending on the fund and the prolife of the members of that fund, those things will vary. There will be some funds which are growing because there are more people making contributions than there are people who are withdrawing from the fund, and there are some funds that will shrink because of the profile of the members of those funds who are drawing from the fund and who are making contributions.

The Hon. I.F. EVANS: With the GFC, was there any review of how the funds performed compared to other funds, particularly in the property areas?

The Hon. J.J. SNELLING: I invite Richard to respond.

Mr SMITH: We are constantly benchmarking the performance of the funds and, over the period, they have performed relatively well compared to other funds in the industry (albeit the absolute numbers are obviously low). If we look at the performance against industry averages, over the past year, for example, the balanced and growth funds adjusted for tax returned 3.7 per cent and 3 per cent respectively against the median return from the Chant West survey of 1.7 per cent.

Over seven years, the two funds have returned 5.2 per cent and 5.1 per cent against that same survey (the Chant West survey) average of 4.9 per cent per annum. So, in both the short and the long term, they have tracked reasonably well against returns elsewhere in the industry.

The Hon. I.F. EVANS: How did our property investments go over the 2007 to 2009 period?

Mr SMITH: Our property portfolio is a very diversified portfolio. We do not make direct investments into property, we invest into a number of managed pools such as the AMP, Colonial and DEXUS managed pools. They have all performed reasonably well over the past five years.

The Hon. I.F. EVANS: Can you maybe give me the figures of the level of investment for State Super in property for 2007, 2008 and 2009? The value?

The Hon. J.J. SNELLING: Sorry, what are you after, Iain?

The Hon. I.F. EVANS: I want the level of investment in property for State Super for 2007, 2008 and 2009.

The Hon. J.J. SNELLING: How much cash is invested?

The Hon. I.F. EVANS: The dollar value.

Mr SMITH: The asset allocation would have been roughly 8 per cent over that period. Over that period we probably had more of a bias towards a listed property rather than an unlisted property, and certainly the listed property markets performed very, very poorly over the GFC—that is the real estate investment trusts; the Westfields, etc.

The Hon. I.F. EVANS: Would it be around the mark to say it dropped about 55 per cent over that period?

Mr SMITH: From peak to trough, it was a big number, certainly. Whether it was 55, it would have been a figure in excess of 40, certainly.

The Hon. I.F. EVANS: During that period, did we offload any investment, or did we just hang tough?

Mr SMITH: We did change the strategy, and we certainly got out of global listed property. We did have some global listed mandates at that stage, and we certainly got out of those during the GFC. Over that period, we restructured the portfolio to have more of a bias towards unlisted property rather than listed property, for the reason that we felt that listed property had too much gearing in it, and we preferred unlisted property because of the much lower, negligible, levels of gearing.

The Hon. I.F. EVANS: When you compare yourself through Chant West, which I understand is like an industry survey, if you like, that measures investment wings—I understand that the state has a five-apple rating, which is something the—

Mr SMITH: That is probably a question for Super SA. That relates to the scheme.

The Hon. I.F. EVANS: So it relates to the scheme rather than the investment itself?

Mr SMITH: I believe that is true, yes.

The Hon. I.F. EVANS: When you compared yourself to other schemes, how did you rate against other Australian schemes, as distinct from overseas schemes?

Mr SMITH: We are only benchmarking ourselves against Australian superannuation funds.

The Hon. I.F. EVANS: Against Australian super funds you were around the mark? That is your advice?

Mr SMITH: Yes.

The Hon. I.F. EVANS: Treasurer, the Moody's report I referred to earlier raises the prospect that 'the government in an emergency situation can borrow temporarily from superannuation fund assets'. Is that correct and has it occurred at all?

The Hon. J.J. SNELLING: My advice is that we can only access what the state has contributed; so we cannot access members' funds. But in an emergency, yes we could access those funds, to address short-term liquidity issues. These are the funds the state government has committed. No, we have never done that.

Mr MARSHALL: I would like to ask a question by way of clarification about SAFA's responsibilities in clawing back funds expended to companies under a range of programs offered by the government where those commitments are not met by the recipient company. Can you outline what SAFA's responsibility is in that area, and perhaps if you can look specifically at the amount of money outstanding with Tiger Airways?

The Hon. J.J. SNELLING: Since 2005, SAFA has been involved in managing these contracts where we provide some form of industry assistance to a corporate entity, and generally in exchange for commitments by that corporate entity to provide a presence here or employ a certain number of employees. Since 2005, basically SAFA have taken over the management of the majority of those contracts. Some contracts still reside with the Department for Manufacturing, Innovation, Trade, Resources and Energy, but the majority are now administered by SAFA.

Mr MARSHALL: How do you determine which is SAFA? Is there a dollar cut-off?

The Hon. I.F. EVANS: Everything that we FOI goes into SAFA.

The Hon. J.J. SNELLING: So cynical.

The Hon. I.F. EVANS: That's the effect.

The Hon. J.J. SNELLING: It is essentially a historical thing as to which ones were transferred over to SAFA and which ones remained with what is now called DMITRE and was the old department of trade. Generally speaking it would be the case that the larger grants would be administered by SAFA. The ones that would still reside with the department of trade would be the smaller grants.

Mr MARSHALL: For clarity, are the Strategic Industry Support Fund, the Strategic Industries Development Fund, the South-East Innovation Fund, the South Australian Innovation and Investment Fund, the Riverland Sustainable Futures Fund and the Industry Financial Assistance Fund the funds that we are talking about? Some of them do not exist any more.

The Hon. I.F. EVANS: Eight out of nine of them are wound up.

The Hon. J.J. SNELLING: Not necessarily all of them. We would have to take it on notice. We could break that down. It is important to clarify what SAFA's role is. The minister in the portfolio and the department have responsibility for negotiating the assistance, and generally cabinet will approve it. I think there might be some where the minister on his own might be able to approve it, but generally for assistance of this type a determination will be made by cabinet.

SAFA's involvement is basically the contractual arrangements between the government and the entity, and usually it is my name on the contract. That is why SAFA administers it: because I am the signatory to the contract.

Mr MARSHALL: So you administer it whether or not there is some worry on behalf of the department as to whether the obligations are being met? So, once the contract has been signed, it basically comes over to you to administer that, and you keep tabs on all of the contracts with all those different funds?

The Hon. J.J. SNELLING: Yes. SAFA works with the department in determining that the entity that has received the assistance is meeting its obligations.

Mr MARSHALL: Can you outline to the committee what grant funds the government is currently trying to claw back from companies?

The Hon. J.J. SNELLING: We can easily tell you the number of contracts. We can easily tell you the number or—

Mr MARSHALL: Dollar value.

The Hon. J.J. SNELLING: —the dollar value of what we are trying to recover. Obviously not all the contracts are in default, so we are only clawing back where the entity that has received the assistance is not meeting its obligations. We would have to get back to you, but we could certainly provide information about total numbers, numbers of contracts, that sort of information. I am not sure that we would be able to itemise individual companies.

Mr MARSHALL: Just for clarity, you are going to provide a number in terms of the number of companies that are in default and the amount that you are trying to claw back?

The Hon. J.J. SNELLING: I will provide you with as much detail as I can.

Mr MARSHALL: I know you say commercial-in-confidence but, let us face it, Tiger Airways has been supported broadly.

The Hon. J.J. SNELLING: I am happy to take questions about Tiger Airways.

Mr MARSHALL: There are two amounts that we know of that have been repeated throughout *Hansard* over the last couple of years: \$2.25 million from DTED (which is now DMITRE) and \$900,000 from tourism. Can you please update the committee on the progress to recover those outstanding moneys?

The Hon. J.J. SNELLING: Under the original contract that was signed, the recovery in the event of default was basically left to the Treasurer to make a determination about what was a reasonable amount to recover. So, that is spelt out in the contract. I have had some discussions with Tiger Airways. They obviously do not want to have to pay all the money, and they have made some representations to me. SAFA is having discussions with Tiger Airways on that point. I am yet to make a determination about what is a reasonable amount for us to recover.

Mr MARSHALL: Would it be fair to say that the full amount—the \$2.25 million and the \$900,000—will not be recovered and that there is some negotiation for a smaller amount currently underway?

The Hon. J.J. SNELLING: Because I have this contractual role, where I am the party who has to make a determination, I cannot say anything that might prejudice that. It is not something I can comment on.

Mr MARSHALL: Okay. Can you make any comment as to when those negotiations would be concluded?

The Hon. J.J. SNELLING: They are ongoing at the moment; hopefully in the next couple of months.

Mr MARSHALL: Just for clarity—this might be something for your officers—previously, the government has indicated that this is the first time any government in South Australia has instituted claw-back provisions in state government contracts. Can you just clarify that that is certainly not the case, that there have been claw-back provisions in previous governments and that it is quite incorrect to state that this is the first government to institute claw-back proceedings with corporate failures?

The Hon. J.J. SNELLING: I presume the member for Norwood is trying to create some sort of disagreement between me and the Minister for Transport Services regarding her specific statements about the bus contracts, but with regard to industry assistance, which is what I am talking about, it is generally the case that contracts have clawback provisions.

Mr MARSHALL: Prior to your government?

The Hon. J.J. SNELLING: I was not the minister prior to my government. The member for Davenport might be able to provide the answer.

Mr MARSHALL: I think we know the answer, we just cannot get a government person to confirm it.

The Hon. J.J. SNELLING: Certainly, it is generally the case, and has generally been the case, that for industry assistance contracts there have been clawback provisions.

The Hon. I.F. EVANS: Budget Paper 3, page 63, sets out income streams from SAFA into the budget. Miraculously, another \$20 million appears in 2014-15. It is always around \$10 million, \$11 million or \$12 million, and then all of a sudden it goes to \$33 million. I am wondering what we have invested in to deliver us the extra \$20 million that year, or is this a grab for some of the reserves out of SAFA? Why the extra \$20 million in that year?

The Hon. J.J. SNELLING: I will invite Mr Cantley to respond, but it is certainly not the case that the government is, in any way, extracting anything from any cash reserves held by SAFA. I invite Mr Cantley to give a fulsome explanation.

Mr CANTLEY: In terms of SAFA's business, it is quite a complex business. We have the Treasury business, which you have been talking about, we have the fleet business and we have the insurance business, so combined they pool together to give a total capital. The extra \$20 million you are referring to relates to our fleet business. Over the past couple of years we have been generating profits and retaining those profits such that they are at a level that we have highlighted to the Treasurer that they are excess to needs and we, as an organisation, have offered them up as a return of that excess capital in the fleet business.

The risks in the fleet business are entirely different to the insurance business, which has reserves for unforeseen circumstances, and to the Treasury business, which has risks for the nature of that business. The fleet business is far more simple and, essentially, represents the profits that we have earned on our operations, which have principally been that, with the pick-up in the second-hand vehicle market, we have been selling vehicles better than we had expected and what was implied in the lease rates that we were charging to agencies.

The Hon. I.F. EVANS: Why leave it until 2014-15? Why not drag the profit forward this year? We are running a \$900 million deficit (basically) this year and \$800 million next year, why leave it until that year?

The Hon. J.J. SNELLING: I will ask Mr Rowse to give you a response.

Mr ROWSE: Clearly, there would have been some presentational advantage in bringing it forward. From the whole-of-state perspective, SAFA is owned by the government so as a whole-of-state balance sheet it does not make much difference where the money is, but, as you say, the government could well have gained some presentational advantage in 2012-13 by bringing it forward earlier.

The Hon. I.F. EVANS: How much retained profit does fleet have? Twenty million is clearly not all of it. This is the profit you have made out of the \$7,000 you charge us for the cars, is it?

Mr ROWSE: There is no profit in that.

Mr CANTLEY: Net estimates are around \$34 million in 2010-11. That is essentially cash that we have earned and recorded in retained earnings. We are projecting a further \$20 million surplus in Fleet this year. The total of those is probably around \$50 million.

The Hon. I.F. EVANS: On page 84 of Budget Paper 3, the SAICORP Insurance Fund No. 1 has free reserves of \$95.1 million. When it is described as 'free reserves', does that mean it is unencumbered and that the Treasurer can call on those reserves any time the Treasurer wants? What does 'free reserves' mean?

The Hon. J.J. SNELLING: I will ask the Under Treasurer to respond.

Mr ROWSE: The free reserves has a prudential element to it, so it is like a level of insurance for the entity if times are bad. So when looking at targeting free reserve levels, it is basically a prudential measure that we have in place to provide some additional assurance that, should financial markets work against SAICORP, it will be able to respond to that downturn in market conditions. The intention is to try to get the free reserves within that target band of, I think, 65 to 135. That is the band it is targeted to be in but at the moment it is a little bit below that target level, so we are still trying to rebuild free reserves.

The Hon. I.F. EVANS: So the 65 per cent to 130 per cent, what dollar value is that?

The Hon. J.J. SNELLING: Sixty five to 135 is the target band. I invite Mr Cantley, if he can, to provide a dollar figure.

Mr CANTLEY: The figure is around—it is not far off the percentage—about \$100 million capital. Clearly, what the Under Treasurer said is the free reserves means our assets exceed our liabilities, and we are expecting it to be around \$76 million as at 30 June—subject to volatility with what is happening with financial markets, and our actuary goes through our claims liabilities at the end of the year and will make projections and, obviously, as the discount rate has fallen, our liabilities rise, which eats into our—

The Hon. I.F. EVANS: The 65 to 135 target range is a percentage, is it not?

Mr CANTLEY: Percentage, yes.

The Hon. I.F. EVANS: What is it in dollar terms? Is the 95.1 lower than 65 and, if so, by how much, or is it higher than 135 and, if so, by how much?

Mr CANTLEY: Right at the moment we are at 62 per cent, so we are just outside that range, and that range, very crudely, is probably—

The Hon. I.F. EVANS: And you expect to drop further come 30 June, down to \$76 million?

Mr CANTLEY: No, I said 62 per cent, which is just below the 65 per cent to 135 per cent range.

The Hon. I.F. EVANS: So the \$76 million will be the 62 per cent?

Mr CANTLEY: Yes. Our actuary at 30 June will determine a solvency level and then we will record what the actual is against the target.

The Hon. I.F. EVANS: I think your section is the section that handles guarantee fees for the government?

The Hon. J.J. SNELLING: Yes, they are.

The Hon. I.F. EVANS: I am wondering how the guarantee fees are set and why HomeStart Finance guarantee fees have increased so significantly in recent years. What changed?

The Hon. J.J. SNELLING: Broadly speaking, the guarantee fees are really the difference between what it would cost for the government trading enterprise to go to market to rate its own debt, as opposed to what it costs us. That is it very broadly. We would tend to err on the generous side with regard to that.

The Hon. I.F. EVANS: Will they go up as regard to not having a AAA credit rating?

The Hon. J.J. SNELLING: In fact the opposite is the case, because the spread in fact has increased because the cost for corporates of going and raising revenue has increased relative to the cost of government raising the revenue. In fact, the reason for the guarantee fee going up is because, relative to corporate borrowing, our borrowing costs have decreased.

The Hon. I.F. EVANS: Why has HomeStart Finance's guarantee fee gone up so significantly?

The Hon. J.J. SNELLING: Because there is an increased spread between what corporates borrow at and what we borrow at. It would be more expensive for HomeStart to go and borrow the money on its own relative to what it costs us to raise that debt. There is also a competitive neutrality issue. The cost of finance to HomeStart for the purposes of competitive neutrality has to be the same as a bank.

The Hon. I.F. EVANS: The change from \$7.6 million worth of guarantee fees into Treasury in 2009, then \$10.7 million of guarantee fees into Treasury in 2010 and then \$23.8 million worth of guarantee fees into Treasury from 2011 has nothing to do with Treasury changing the guarantee fee, it is purely to do with the market rate?

The Hon. J.J. SNELLING: That is correct. We did not change the methodology, but you have got to remember that HomeStart has increased its borrowings as well. So, if it increases its borrowings obviously the guarantee fee that it pays is going to increase as well.

The Hon. I.F. EVANS: What, increase its borrowings by what, \$100 million?

The Hon. J.J. SNELLING: I am advised that it is more than that.

The Hon. I.F. EVANS: Well, \$1.725 million to \$1.9 million. It is \$125 million and it pays \$13 million extra out of that \$125 million. It pays 10 per cent extra in dividends to Treasury.

The Hon. J.J. SNELLING: It is not dividends: it is the guarantee fee.

The Hon. I.F. EVANS: Well, a guarantee fee to Treasury.

The Hon. J.J. SNELLING: That is the fee that they pay to us essentially for a service where, for competitive neutrality reasons, we are obliged to charge it; and it does ensure that government enterprises are not accessing cheaper finance by virtue of them being a government enterprise. The increase in those government guarantee fees are being driven, first, by an increase in the total quantum of HomeStart's borrowings and, secondly, by the increase in the cost of corporates raising finance relative to costs of government raising finance.

The Hon. I.F. EVANS: The SAFA annual report raises the unrecognised investment commitment through private equity fund No. 1. This is the private capital equity fund. The government committed up to \$10 million—no more. The government was committed to invest \$1 for every \$4 that the private sector company Paragon Private Equity was able to realise up until the closing date of April 2007. The final capital commitment of the South Australian government is \$1.5 million, which has been assumed by SAFA. I am therefore assuming that what it is saying is that, out of the \$10 million, government contributed only \$1.5 million, and as a result of its investing \$1.5 million we got another \$6 million investment into the state; is that right?

The Hon. J.J. SNELLING: The answer is no, but I will invite Mr Cantley to elaborate.

Mr CANTLEY: I will couch it by saying that I will check the details. Prior to the transfer to SAFA, investments were provided by the former DTED, and the Venture Capital Board was involved (I am testing my memory). They provided the investment funded from the budget. Given that that investment was being managed and wound down, it made more sense to move it from DTED into SAFA rather than have a separate body.

The asset that was currently invested in Paragon moved to SAFA's balance sheet. What the 1½ is saying is there is still a commitment under the agreement for a further \$1½ million to be paid in out of the total of the \$10 million. That is my understanding, but I am happy to, on behalf of the Treasurer, take it on notice to give a fuller and more detailed answer, but it is not any multiplier effect or anything like that.

The Hon. I.F. EVANS: I understand what you are saying now, I think. There is \$1½ million left to be put in out of the \$10 million?

Mr CANTLEY: They draw on it. That is why we have it as a contingent obligation.

The Hon. I.F. EVANS: How much private sector capital did we attract out of that particular fund?

Mr CANTLEY: I have to take that on notice.

The Hon. I.F. EVANS: Treasurer, do you think that the Venture Capital Board and the private capital equity fund has been a successful policy development, or do you think it is an experiment not worth repeating?

The Hon. J.J. SNELLING: I cannot answer about Paragon. I was involved in the decision with regard to Playford Capital when I was minister for science. I can refer you back to my answers when I was asked questions about the wind-down of Playford Capital. Generally, I think, as a policy principle this is not a good area for us to be in, and that is why the government made the decision for us to wind down Playford Capital once we met the commitments that we made to the commonwealth.

So, as a general policy principle I think it is better that it is something the government is not involved in than involved in, but that is not to doubt all the good faith of the people who made these decisions in the first place. However, with regard to Paragon, I cannot make any comment because I was not involved in any of the decisions at the time.

Mr MARSHALL: On the Playford issue, when is that fund going to be wound up? I understand it is meant to be completed by 30 June, which is in a couple of days.

The Hon. J.J. SNELLING: We have extended it to 31 December 2013, and that is principally because we have obligations to the commonwealth. The commonwealth have made investments to Playford Capital, and we have to ensure that our obligations, as part of that funding, are met.

Mr MARSHALL: The original time frame for closing up, just as clarification, was 30 June this year and it is now December 2013?

The Hon. J.J. SNELLING: It was 31 December 2012. That is subject to a commercial review by SAFA, and that review has now been completed.

Mr MARSHALL: Would you envisage that there would be a surplus in that fund to be returned to government, and, if so, what quantum?

The Hon. J.J. SNELLING: It depends on the investments and what return they make when those investments are realised. You are talking venture capital market—they are notoriously fickle and unpredictable.

Mr MARSHALL: Do you know what it is sitting on the balance sheet at the moment?

The Hon. J.J. SNELLING: The value of its investments? We will have to take that on notice.

Mr MARSHALL: Is the industry financial assistance fund administered by yourself? It is mentioned repeatedly. It talks about funds going into a fund which is administered by you, which is called the Industry Financial Assistance Deposit Account. It is an administered item.

The Hon. J.J. SNELLING: Yes, that's right; it's the account itself, but that does not mean I am making any of the policy decisions.

Mr MARSHALL: No, I understand that, but the fund is actually administered by yourself. Can you tell me whether or not that fund sits in surplus or deficit? Is there a large capital account that funds are paid out of, or is it just an account?

The Hon. J.J. SNELLING: Think of it as a bank account that holds money, the purpose for which is industry assistance. It is always going to be in surplus, it is always going to have money in it. If there was not enough money in it we would have to put money into it.

Mr MARSHALL: Just for clarification, it is simply an account that money comes into and goes out of. That is the gist of it?

The Hon. J.J. SNELLING: That's right.

Mr MARSHALL: Is that the fund that will be used to pay the co-investment money to Holden's?

The Hon. J.J. SNELLING: That money to Holden's is not paid until 2015-16, from memory; it is a few years off before that money is paid. If the contract was in the name of the Treasurer, as I would generally expect it would be, then the answer would be yes.

Mr MARSHALL: Just for clarity though, the money that is going to be paid for Holden's does not come out of the capital account which has been accumulating over time? Essentially it is

going to be coming out of some debt finance in whatever form the state government will be increasing its state debt to pay for its co-investment contribution to Holden's?

The Hon. J.J. SNELLING: It comes out of an appropriation from government, so there is a budget line which has that payment and it is financed in whatever way we need to finance it at that particular time.

The Hon. I.F. EVANS: With the downgrade of the credit rating, how does that impact on SA Water, the Housing Trust and local government? Do they end up having increased debt servicing costs as well?

The Hon. J.J. SNELLING: Any difference would be covered by a movement in the guarantee fee. SAFA undertakes all the borrowings on their behalf, and then those GBEs pay the guarantee fee back to SAFA, which essentially covers the difference between what they would have to pay if they were borrowing the money themselves and the discount we get, because obviously we can borrow money more cheaply. If there is any shift in the cost of our borrowings because of the change in the credit rating, that would be offset by changing the guarantee fee.

The Hon. I.F. EVANS: So the higher the cost the lower the guarantee fee, or is it the other way around?

The Hon. J.J. SNELLING: The higher the cost to SA Water if it were borrowing the money on its own, relative to the cost of us going and borrowing the money, then the greater the guarantee fee; if it is more expensive for us to go and borrow money, relative to what it would cost SA Water on its own to go out and borrow money; so, the relativities between us and SA Water if it were borrowing on its own.

If the credit rating has the effect of reducing that spread, that gap, then the guarantee fee will reduce as well. Basically it would be completely offset by changing the guarantee fee. The Under Treasurer has just pointed out that it depends on what is going on in those corporate debt markets. You have two variables.

The CHAIR: We will change over to the Motor Accident Commission.

Departmental Adviser:

Mr B. Tuffnell, Acting Chief Executive, Motor Accident Commission.

The Hon. J.J. SNELLING: I am happy to indicate that there will be no government questions to allow opposition members full time.

The CHAIR: Would you like to introduce your adviser, Treasurer?

The Hon. J.J. SNELLING: I would like to introduce Mr Ben Tuffnell. Ben is the Acting Chief Executive of the Motor Accident Commission following the departure of Mr Andrew Daniels and the imminent appointment of Mr Jerome Maguire to the position.

The Hon. I.F. EVANS: I just need to declare to the committee that I have a family member who occasionally does work for the Motor Accident Commission. In fact, I have two, I think. On page 36 of the Motor Accident Commission's annual report, it says that there is a Treasurer's Instruction for MAC to pay 75 per cent of ambulance costs. Is that 75 per cent of total ambulance costs or 75 per cent of ambulance costs relating to motor accidents?

The Hon. J.J. SNELLING: Probably the best person to ask is someone from Treasury on issues regarding Treasurer's Instructions. I will just see if I can get someone who can provide some detail on that. If you want to move to the next question, I am happy to come back.

The Hon. I.F. EVANS: Who is the current debt collection provider for MAC?

The Hon. J.J. SNELLING: I invite Mr Tuffnell to respond.

Mr TUFFNELL: I am not exactly certain. It has not changed in the last 12 months. I recall this question being raised last year, but it has not changed. I cannot recall the name offhand.

The Hon. I.F. EVANS: What SGIC operations are still being undertaken by MAC?

Mr TUFFNELL: Again, I understand it is minimal, if anything, but I can get some more information back to the committee at a later date, if you like.

The Hon. I.F. EVANS: Was there any change in 2011-12 in the Motor Accident Commission's investment fund in dollar terms or in percentage terms?

Mr TUFFNELL: The current value of the investment fund as at 30 April is \$2.9 billion. Obviously there have been increases and decreases along the way. There have been no new property purchases during the year. I think this time last year, we outlined two that were in the pipeline, one in Perth and one in Melbourne. The Perth one was settled last year on 5 August and settlement for the Melbourne one is due to occur in July this year.

The Hon. I.F. EVANS: If you look at the average claim duration under the scheme, it has increased over the years. For instance, in the period 1998 to 2004, it was in the 19 months or less category—19 months, 15, months, 16 months. Then, for some reason, from 2005 onwards, the average claim duration has been up to 25 or 26 months and, in the last year, nearly 23 months. Why has the average claim duration blown out to such an extent?

The Hon. J.J. SNELLING: I will answer and then I will ask Mr Tuffnell if he has anything to add. Essentially, it is because of greater levels of litigation. We are finding that claimants are more litigious. There is a greater level of lawyer involvement in claims than there has been previously, so that is driving that increase in average claim length. It is also increasing the costs to MAC of managing those claims as well.

The Hon. I.F. EVANS: Is that why the number of employees in MAC has increased significantly? In 2006, there were 18; now, there are 28. What has been the growth in employment, other than Mr Tuffnell's position, of course?

The Hon. J.J. SNELLING: I will invite Mr Tuffnell to respond.

Mr TUFFNELL: Essentially, the increase in staff has been in the CTP area, and is to do with the extra management and monitoring over Allianz, as the claims manager. So, it is really to do with more people in that area who are auditing the work to make sure that the claims that are actually being processed are being processed correctly in accordance with the guidelines. That is the main area of growth in MAC over the last year.

The Hon. I.F. EVANS: See, I do not understand this. The number of claims per vehicle has more than halved in nine years. In 2002, there were 9.8 claims per 1,000 vehicles, and it is now 4.6 claims per 1,000 vehicles. The number of claims settled has dropped from 5,000 in 2003 to 3,600. So, we need more staff to settle less claims?

The Hon. M.J. ATKINSON: Fewer.

The Hon. I.F. EVANS: Fewer claims—as the honourable member says.

The Hon. J.J. SNELLING: I invite Mr Tuffnell to provide more advice about what the staff is doing, but I point that the number of claims per vehicle may have decreased but the total number of vehicles increases. That might not necessarily entail an overall decrease—

The Hon. I.F. EVANS: I just make the point: the reported claims, which is the number they are handling, has dropped from 10,900 in 2001 to 5,900 now, so there are nearly 5,000 claims a year less, and yet they need more staff to handle them.

The Hon. J.J. SNELLING: One of the drivers for that would be the increasing complexity of the claims and the increasing levels of litigation going on with respect to the claims. I will get back to the committee, but my recollection, as per the previous briefing that I have had from MAC, is that if you have a look at the number of claims that have settled early—essentially, as a proportion of total claims, relatively recently, quite a large number of those claims would essentially be settled without any lawyer involvement at all; it would just be an interaction between the Motor Accident Commission and the person making the claim, and it would be settled thus, without any lawyer involvement.

The percentage of those claims that have been settled in that way has decreased substantially. There has been a big increase in lawyer involvement and in the litigiousness, I guess, of claimants. There is no doubt that there is some quite aggressive behaviour from some law firms to tout for business. You see that in their advertising, where they say, 'If you have a car accident, you may be entitled to a claim; contact us.' So there is a lot of touting for business going on in the legal community, and that is having an effect.

The Hon. I.F. EVANS: Just on that advertising point: one of the legal firms has an advertising line that says, 'The government is looking at changing the CTP Scheme, you may not be eligible for compensation; contact us now.' My understanding of your proposal is not to have a

retrospective impact, and therefore that advert technically is misleading. I am just wondering why the government did not take action against it.

The Hon. J.J. SNELLING: I am planning to take some action, but yes, that advert is completely misleading. I have just been advised that it has apparently been referred by MAC to the Office of Consumer and Business Affairs.

The Hon. I.F. EVANS: Given that the Treasurer was just talking about the number of settlements made without going to court, etc., the annual report used to report on direct settlement percentages, informal conferences percentages and pre-trial conference percentages and now doesn't. I am just wondering why they have not done that for the last three years.

The Hon. J.J. SNELLING: I will have to get the information back to you. I do not know.

The Hon. I.F. EVANS: Up until 2008 at least the direct settlements were 54 per cent, informal conferences around 28 per cent and pre-trial conferences around 18 per cent. It is hard to judge what is happening without the further information.

The Hon. J.J. SNELLING: I am more than happy to get that information to you.

The Hon. I.F. EVANS: Interestingly enough, direct settlements are higher now than they were in the 1990s. At least in 2008 and 2007 they were higher than in the 1990s. Do you have an answer to the first question about the ambulance costs? I see we have a Treasury officer back with us.

The Hon. J.J. SNELLING: It is not part of Treasurer's Instructions. Apparently it was a decision made by cabinet some years ago. Essentially, I think it would have been a budget management issue, in that the Motor Accident Commission obviously has some liability (if that is the word) to the cost of retrieving people involved in car accidents. It is simply a direction from the government as to the proportion of the total cost that the Motor Accident Commission would be liable for.

The Hon. I.F. EVANS: Yes, but is it 75 per cent of the total Ambulance Service cost? Is that what MAC pays?

The Hon. J.J. SNELLING: I will double-check, but it would be the retrieval costs. When you get an ambulance they send you a bill, so it would be 75 per cent of whatever that bill is.

The Hon. I.F. EVANS: Only relating to motor vehicle accidents, or is it 75 per cent of retrievals across the whole Ambulance Service? What if I have a heart attack and I call for an ambulance? The way I read the instructions, it says:

Pursuant to section...of the MAC Act, a direction dated 6 February 2004 was given to the Board by its minister (the Treasurer)—

which is a bit unusual given your answer that it is not a Treasury instruction.

The Hon. J.J. SNELLING: No, Treasurer's Instructions are a formal document set out in regulation and approved in Executive Council. That's not Treasurer's Instructions; that's a direction—

The Hon. I.F. EVANS: Treasurer's direction.

The Hon. J.J. SNELLING: —from the Treasurer, being the minister responsible for the Motor Accident Commission. That is quite different from being Treasurer's Instructions.

The Hon. I.F. EVANS: Direction was given by the minister:

...in respect of payments of \$5.3 million to the SA Ambulance Service from the 2003-04 financial and subsequent years until such time as 75% of the cost of providing ambulance services in the financial year exceeds \$5.3 million.

The way I read that, it could be interpreted to be 75 per cent of the whole Ambulance Service.

The Hon. J.J. SNELLING: I doubt that that would be the case, but I will double-check and report back to the committee.

The Hon. I.F. EVANS: Also, on a similar vein, in the 2011 annual report—a good read; I recommend it to the committee—on page 37 it talks about a similar direction given by the Treasurer to pay 75 per cent of the state rescue helicopter service. The same question is asked: that is, is it 75 per cent of the state rescue helicopter service relating to motor vehicle accidents or is MAC paying 75 per cent of the state rescue helicopter service total cost?

The Hon. J.J. SNELLING: I will double-check. It does not sound right that we would have the Motor Accident Commission pay three-quarters of the total operations of the rescue helicopter. It sounds to me that it would be essentially the cost of retrieval from motor vehicle accidents but, as I say, I will double-check and get back to the committee.

The Hon. I.F. EVANS: The CTP increased by 4.7 per cent, I think, this year, which is outlined on page 66 of Budget Paper 3. What is the intention regarding the proposed motorcycle levy? A motorcycle safety levy for every licence holder was floated in the media about six or eight weeks ago.

The Hon. J.J. SNELLING: There was some speculation in the media, but the government does not have under consideration any sort of fixed levy on motorcycle registrations. Having said that, though, it was in the South Australian Road Safety Strategy formulated by the Road Safety Advisory Council, but there is no such levy under consideration. That is a separate issue from increases to the compulsory third-party insurance paid by motorcyclists.

The Hon. I.F. EVANS: I note that the front page of the annual report states that MAC is government guaranteed with a AAA credit rating. Now that we have lost our AAA credit rating, what impact, if any, will that have on MAC, and has MAC sought advice as to any impact?

The Hon. J.J. SNELLING: MAC does not borrow any money, so I would not expect there to be any impact of the credit rating on it.

The Hon. I.F. EVANS: But has MAC actually sought advice as to any impact?

The Hon. J.J. SNELLING: Well, if it does not undertake any borrowings, there is not going to be any impact.

The Hon. I.F. EVANS: So what is the point of saying on the front page that the AAA credit rating is government guaranteed? I know that it fills in the paragraph, but—

The Hon. J.J. SNELLING: Because if the Motor Accident Commission were to come into financial difficulties, obviously the state government would have to bail it out. That is why it is government guaranteed.

The Hon. I.F. EVANS: But whether you have a AAA credit rating or not you still have to bail it out.

The Hon. J.J. SNELLING: Well, we did.

Mr MARSHALL: Historically the Motor Accident Commission has returned dividends to state Treasury. That does not seem to be the case at the moment, yet you have posted some fairly significant profits in recent years. Is there any intention to actually return a dividend to government?

The Hon. J.J. SNELLING: No, there is not. I do not think it has returned a dividend to government since 2004. That is my recollection. At the moment, we want to ensure that it is fully funded so that any profits it makes are reinvested to ensure that the scheme is fully funded.

Mr MARSHALL: My understanding is that it is fully funded at the moment. Is that correct?

The Hon. J.J. SNELLING: It is fully funded, but there is not that buffer that you need. It is fully funded, but MAC has a target level of solvency of 108 per cent. That ensures that, if there is a downturn in the market—a downturn in property prices or share prices—it remains fully funded. It is fully funded at the moment, but it does not have that target solvency rate that it aims for to ensure that there is that buffer in the event of a downturn. From the government's point of view, I think we would rather reduce increases to the price of compulsory third-party before we—

Mr MARSHALL: That was my next question.

The Hon. J.J. SNELLING: There you go, I anticipated it. We would be wanting to limit the increases to compulsory third-party registration, at least limit them to CPI before we looked at extracting a dividend.

Mr MARSHALL: That is the situation, you have reached full cover, you have made surpluses which, presumably, are re-invested, and yet the standard premium increase for the coming year is actually 4.7 per cent, significantly higher than the CPI.

The Hon. J.J. SNELLING: That is because they have a target solvency rate of 108 per cent and it is not being reached. The other point to make is that while we might be at that solvency level at the moment, when we set the compulsory third party premium we also had to take into account that the committee that makes the decision prior to the recommendation to

government also has to anticipate what the earnings on assets are likely to be over the next 12 months to ensure that they maintain that solvency level.

Mr MARSHALL: Have you set a profit, or published a profit figure budget for the coming financial year?

The Hon. J.J. SNELLING: I have not published it. It is not just premiums coming in and out, it also takes into account losses on assets. So, it is not just a question of registration. The most recent operating result we have is from 30 April 2012, which has recorded a loss of \$17.2 million, but it is not just a question of premiums coming in and claims being paid out, it also includes the reduction in the value of the funds that are held by the Motor Accident Commission—all of those things come into that \$17.2 million. So, the profit/loss figure is included in the Motor Accident Commission's annual report, the most recent of which is dated 30 April 2012.

The CHAIR: Any further questions? There being no further questions, I declare consideration of the proposed payments adjourned until later today.

[Sitting suspended from 13:03 to 13:45]

LEGISLATIVE COUNCIL, \$5,379,000

HOUSE OF ASSEMBLY, \$8,239,000

JOINT PARLIAMENTARY SERVICES, \$14,305,000

Membership:

Mrs Redmond substituted for Mr Marshall.

Mr Whetstone substituted for Mr Venning.

Witness:

Hon. J.W. Weatherill, Premier, Minister for State Development.

Departmental Advisers:

Mr M. Lehman, Clerk, House of Assembly.

Mr K. Nelson, Chief Finance Officer, Parliament House.

Mr P. Spencer, Leader, Hansard.

Dr C. Stanley, Parliamentary Librarian.

Mr C. Grantham, Catering Manager.

Mr D. Woolman, Building Services Manager.

The CHAIR: I declare this estimates committee for the examination of the proposed payments for the Department of the Premier and Cabinet open. The estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of the proposed payments to facilitate changeover of departmental advisers. I ask the Premier and the Leader of the Opposition if they could indicate whether they have agreed on a timetable for the proceedings of this session.

The Hon. J.W. WEATHERILL: Yes.

The CHAIR: Changes to committee membership will be notified as they occur. Members should ensure the Chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 21 September 2012. This year, the *Hansard* supplement which contains all estimates committee responses will be finalised on Friday 12 October.

I propose to allow both the Premier and the Leader of the Opposition to make opening statements of about 10 minutes each should they wish to do so. There will be a flexible approach given to the call for asking questions based on about three questions per member, alternating each

side, unless otherwise agreed. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may, at the discretion of the chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*.

There is no formal facility for the tabling of documents before the committee. However, documents can be supplied to the chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as it applies in the house; that is, it is purely statistical information and limited to one page in length. All questions are to be directed to the Premier, on this occasion, and not the advisers. The Premier may wish to refer questions to advisers for a response. I also wish to advise that, for the purposes of the committee, television coverage has been allowed for filming in the area behind me. Premier.

The Hon. J.W. WEATHERILL: First, Mr Chairman, if I might make a brief opening statement.

The CHAIR: Yes.

The Hon. J.W. WEATHERILL: First, I think it is important to acknowledge the huge amount of work that goes on by our parliamentary staff in each of the divisions. We are extremely well served by the hardworking staff of this parliament and I want to recognise their commitment to us.

There are constant changes. We are constantly adapting to new procedures and new technologies—even new parts of our building to respond to the issue of the asbestos in the chamber. I want to thank everyone who was able to bring this together at short notice. This year, of course, we have experienced live streaming of the sittings in each chamber, making what has been available within this building available within a wider audience, and I think that has been appreciated by a range of people, including advisers and citizens. I take the opportunity to commend all those who were involved in that. That seems to have gone quite well.

We have also seen the commencement of the upgrade works in Old Parliament House. Once completed, Old Parliament House will be a wholly functional and fully accessible part of the parliament's facilities, and the upgrade will be sensitive to the heritage and historical context of the building. I just want to thank all members and staff who have had to cooperate with the disruption that has occurred during that period.

Just before we get into questions, I understand that, at the end of the month, parliament will farewell one of its longstanding switchboard operators. After 29 years of service, Colleen Roinich will retire on 30 June. I am sure that I speak on behalf of all members when I wish Colleen all the best for her retirement.

The CHAIR: I just remind members that the microphones in front of us today as a temporary measure do not switch off and any conversations you may have privately may be heard. Secondly, they are not amplified so you will need to speak quite loudly if you wish to be heard. The Leader of the Opposition.

Mrs REDMOND: I will make an opening statement this year. Every year I have commented on how, in my view, estimates is a less than satisfactory process. I have always made it clear that I accept that the government is the government and, as such, it is entitled to make the decisions as to how the taxpayers' dollars are to be spent, but in my view the government also has an obligation to be accountable for its spending—and how is that achieved?

Ultimately, of course, it is achieved through the ballot box every four years, but that is an assessment of the government's overall performance, not just how the money has been spent. It assesses, I guess, how satisfied the population as a whole is with the government's performance as a whole. The other mechanisms in a formal sense are question time and estimates. We are quite used to the government avoiding giving answers to questions. In fact, it is so unremarkable that, even if not one serious question put during question time is given a serious answer, the fact is that it is no longer even worthy of comment or notice in the media in spite of the fact that you, Premier, promised in your first ministerial statement to the House of Assembly that serious questions deserve serious answers.

Likewise, the estimates process has become, rather than an opportunity for the government to explain its policies, processes and spending, an exercise in obfuscation and a deliberate attempt on the part of government, with the connivance of its highly-paid workforce, to

hide from the opposition and thereby from the public what it is actually doing with the public's money.

The cost of this obfuscation process alone is appalling, with all the public servants who sit here for hours upon hours only not providing answers to illustrate (and the reason for my making this statement this year) an immediate case in point. I note that this year, I gather, we have about nine or 10 hours less than last year in overall estimates time. However, each year because of the inadequate time allocated and the use of that limited time for opening statements by ministers and lengthy answers to Dorothy Dixier questions, we on this side always have many more questions than we had time to ask.

It has therefore long been my habit and that of most of my colleagues to put those unasked questions on notice. In accordance with that practice, and given the lack of time for all my prepared questions last year, I put a number of questions on notice on 6 July last year. Last week (that is, almost 11½ months later), I received a response to a series of questions from you, Premier, and those responses were nothing short of disgraceful.

I will in a moment read into *Hansard* the responses given by you, Premier, to my questions from last year. These questions related specifically to the Thinkers in Residence program, and I am raising these matters now so that whichever of your highly-paid advisers has the responsibility will have time, before we get into that particular line of the budget, to get ready the actual answers because, quite frankly, the answers given by you, almost one year after waiting, I could have made up myself within 24 hours, so lacking in any actual response were they.

I will just go through those questions and answers now. The first question, and it was detailed as to the Budget Paper, and so on, was:

Who sponsors the Thinkers in Residence program? How much is each sponsorship? What contribution do other government developments make and how much private funding is contributed?

The answer to that was:

Each residency has a number of partners who are also investors in the residency (cash and/or in-kind). Partners are government and private sector. The amount of sponsorship varies from residency to residency. The percentage of public/private sector investment also varies depending upon the issue/topic. Private sector investment in the Carla Rinaldi residency is over 60 per cent of the total budget, but it has been nil in some past residencies.

As I say, I could make that up myself, because I got no information about who actually sponsors it, whether government departments are involved, how much private funding is contributed, or what they cost. The second question was:

Why did this program exceed the budgeted amount in 2010-11 and why was there a significant increase in expenses from the 2009-10 actual result to the 2011-12 estimated result?

The answer given was:

The budgets of each residency vary from project to project—

now there is stunning information—

depending on the scope of the residency and the number of partners who invest in the residencies, and usually extend over three years. Greater buy-in from partners enables the scope of some residencies to be extended.

Again, no information in response to the question asked. Thirdly:

What salary is paid to each Thinker in Residence and what other expenses or allowances are paid for?

Answer:

Each resident thinker is paid a negotiated fee for the residency, which is paid on agreed instalments determined by a number of factors, including the global status and reputation of the thinker, the length and nature of the residency, the number of visits and the agreed reporting mechanism. The total fee usually includes accommodation and travel allowances.

So, that is what I got in response to my very reasonable questions from last year. I put it to you, Premier, that the people of this state are entitled to know how much of their money has been spent on this program. How much was Laura Lee paid? How much was Carla Rinaldi paid, or Fred Wegman, or any of the others? How much did we fork out for their accommodation? How much did we pay other public servants to look after them, to show them around, to set up functions for them? How much did the functions cost? What other government departments contributed, and how much did those government departments contribute?

These are legitimate questions to which the public deserves legitimate answers. I am just appalled that after nearly one year the only response we get is the rubbish that I have just read into the *Hansard*. That is my opening comment on these estimates.

The CHAIR: Would like to start with your questions now?

Mrs REDMOND: Thank you. I refer to Budget Paper 3, page 154, table C.2. Towards the bottom of the table—why has the budget for the House of Assembly increased by over \$200,000, compared to the 2011-12 estimated result? It is the fourth line from the bottom of that table.

The Hon. J.W. WEATHERILL: The explanation for the variation between the 2011-12 budget and the estimated result (that variance of \$213,000, I think that is the one that you are talking about) is \$45,000 supplementation to members' super, \$87,000 for the annual EB increase of 2.1 per cent, and an \$81,000 increase for supplies and services of 2.3 per cent.

Mrs REDMOND: Could you explain what the supplementation of annual super is?

The Hon. J.W. WEATHERILL: I am advised that that refers to parliamentary superannuation entitlements, but what we are just clarifying is that it must be limited only to people in the accumulation scheme because the defined benefit scheme would not be affected this way. I am just trying to get clarification about that.

Mrs REDMOND: Are you getting clarification now, with all these public servants here to tell you?

The Hon. J.W. WEATHERILL: I will bring back an answer. I have asked that element of the question and it will be clarified; we will bring back an answer when we can.

Mrs REDMOND: Can the Premier advise whether any additional staff are employed compared to last year?

The Hon. J.W. WEATHERILL: I am advised that no additional staff have been employed in the House of Assembly.

Mrs REDMOND: I have the same question, in fact, in the Legislative Council. Just further down the page there is also an increase in the Legislative Council by \$134,000 against the estimated result. Are any additional staff employed in the Legislative Council?

The Hon. J.W. WEATHERILL: No, there are no additional staff in the Legislative Council. It is a similar breakdown between super, EB increase and supply and services.

Mrs REDMOND: In that case, can I ask that you bring back the same answer that you have offered to bring back for the House of Assembly in relation to the superannuation?

The Hon. J.W. WEATHERILL: Yes.

Mrs REDMOND: Are Legislative Council, House of Assembly or Joint Parliamentary Services employees eligible for the latest round of targeted voluntary separation packages?

The Hon. J.W. WEATHERILL: Yes.

Mrs REDMOND: Does the Premier have plans to hold a regional sitting of parliament before the 2014 election? The reason for my question is that we asked this question last year and the former premier told us that at that stage there was no decision on the issue.

The Hon. J.W. WEATHERILL: It remains the same. I know there are propositions around a regional sitting of parliament, but no decision has been taken about that. I do not want to rule it out because, frankly, I have not given it any further consideration.

Mrs REDMOND: Is the Premier able to indicate what budget there is for the asbestos removal that has currently come upon us in the House of Assembly?

The Hon. J.W. WEATHERILL: No; I do not think there has been a settled budget for that because I do not think the scope of work has yet been determined. Obviously parliamentary officers have been in discussions with the Department of Treasury and Finance on the prospects of funding the more extensive works than the works that have been undertaken to this point.

Mrs REDMOND: I refer to page 32 of the Capital Investment Statement, which has nothing on it except the Joint Parliamentary Services existing projects; that is, the Parliament House upgrade and redevelopment (you mentioned it in your opening statement, Premier):

The redevelopment of Old Parliament House to ensure that this significant heritage site can continue to be used as a working facility by providing offices and meeting rooms for use by parliament and fully accredited disability facilities in both the new and old parliament houses.

The first question I want to ask about that—and referring to this building as the new Parliament House—what disability facilities are going to be funded in terms of change? Will there be any change to the situation that exists at present, for instance, where a person in a wheelchair wanting to access this particular room has to come up in a lift to the first floor and then get in the other lift out in the corridor here to go the last few steps?

The Hon. J.W. WEATHERILL: I might ask Malcolm Lehman to explain the proposed changes and how they will benefit people entering all parts of Parliament House.

Mr LEHMAN: The proposed renovations of Old Parliament House include the creation of a new entry foyer between Old Parliament House and the current Parliament House that will be disabled-friendly. It will enable access by people with mobility problems. At the rear of Old Parliament House, a new lift tower will be constructed to replace the internal lift in Old Parliament House. There will be a door at either end of the lift, and it will service both floors in Old Parliament House and the ground floor in Parliament House for people with a disability.

Mrs REDMOND: Just following on from that, I am still puzzled as to what is meant by the explanation that this is to pay for 'fully accredited disability facilities in both the new and old parliament houses'. I appreciate the answer on the Old Parliament House, but what is it doing to the new Parliament House?

Mr LEHMAN: In the new Parliament House, it will provide an entry into the lower ground floor, straight from the existing western door through the new foyer.

Mrs REDMOND: Where they come at the moment?

Mr LEHMAN: Yes, and by using the new lift tower at the back of Old Parliament House, they will be able to take the lift to the current ground floor of new Parliament House.

Mrs REDMOND: Is that the only change?

Mr LEHMAN: That is the only change—and both floors of Old Parliament House and the garden level behind Old Parliament House.

Mrs REDMOND: Still on page 32, can I ask why there has been a change? The estimated total cost is shown as \$13,686,000. Last year it was shown as \$14 million, and last year, there was a proposed expenditure just over \$9 million, so I am puzzled as to why then there is a further \$7,663,000 this year?

The Hon. J.W. WEATHERILL: Just to explain, originally the costing estimate was \$14 million and then, arising out of questions that I think you asked last year, from the premier there was a readjustment, a re-examination and a reprofiling of the particular project. This resulted in the redevelopment costing then \$13.686 million, distributed across the forward estimates in the following way: \$0.863 million in 2010-11; \$1.925 million in 2011-12; \$7.663 million in 2012-13, which is reflected in the budget papers; and \$3.235 million in 2013-14. Essentially the change is as a result of some revised timing and reduction in expenditure as a consequence of representations that were made, I think, by you and others about what was going on there.

Mrs REDMOND: I certainly asked some questions, but I did not make any representations to change it, that I recall. What is the reason for the delay? It seems to me that it has been a long time. We had the rear courtyard closed off and all the facilities out there removed a long time before we actually then stopped using the facility there for media conferences and so on in the last week or two. What caused the delay between when the building was originally to be closed off and the apparent commencement?

The Hon. J.W. WEATHERILL: It was the very proposition that we just spoke about—that is, some rescoping and the reprofiling. Some questions were raised by members of parliament about what was going on there. The premier of the day did not seem to be particularly aware of what was happening. Some questions were asked. There were some reconsiderations of the scope and nature of the project and that re-examination and reprofiling led to some delays, and some savings.

Mrs REDMOND: Is that a one-year delay? Am I correct in understanding that there is overall a one-year delay?

The Hon. J.W. WEATHERILL: About 10 months is the estimate that officers give.

Mrs REDMOND: Putting aside the redevelopment, what changes are there, if any, in the Joint Parliamentary Services Committee budget in 2012-13?

The Hon. J.W. WEATHERILL: Without the capital investment, the 2012-13 budget would be \$10.785 million and 2011-12 would have been \$10.406 million, so the variance is a \$378,000 increase. Would you like me to go through—

Mrs REDMOND: Please.

The Hon. J.W. WEATHERILL: It is: \$122,000 for the annual EB increase—well, there is a related issue that the—\$128,000 to the increased depreciation due to the restoration and refurbishment of Old Parliament House—

Mrs REDMOND: Sorry, could you explain that one?

The Hon. J.W. WEATHERILL: It is a \$128,000 allocation for depreciation due to the restoration and refurbishment of Old Parliament House, so it is an accounting proposition, I think. There are also: \$126,000 for supply and services; \$2,000 for supplementation of increase to the casual loading of 20 to 22 per cent arising out of some national changes to awards; and \$1,000 for other expenses, which I think are Auditor-General expenses.

Mrs REDMOND: So \$128,000 of that \$378,000 difference is actually part of the redevelopment?

The Hon. J.W. WEATHERILL: I think it reflects the booking of an increased depreciation due to the restoration and refurbishment of Old Parliament House. When Treasury allocate an amount of money for capital expenditure, they also book a corresponding depreciation allowance for the purposes of properly ensuring that it is allocated and replaceable over time.

Mrs REDMOND: In the absence of the Old Chamber and its availability for bookings, I recently had some difficulty—although I do thank your whip, Robyn Geraghty, for her excellent work. I did ultimately book this room but I was given to understand that, should I wish to book this room on a sitting day, that was going to be almost impossible. I want to clarify whether it is the government's intention that, in fact, if people other than the government want to have functions to which they would invite members of the public into this place, then there is not going to be anywhere to hold a significant number of people for a function until that refurbishment is completed.

The Hon. J.W. WEATHERILL: I think we are going to be constrained by the redevelopment of Old Parliament House, but just as the whip was able to help on the occasion you mentioned, we will obviously try and be flexible. It is obviously primarily a place the government uses for its business but, if it is not allocated, I am sure we will make some sensible accommodations.

Mrs REDMOND: I am not sure that that is a satisfactory answer, Premier, given that this building belongs to everyone, and this room in particular does not belong to the government, although it is obviously allocated to the government to hold caucus meetings, and so on. By what right or authority does the government say that they can exclude other people from using it?

The Hon. J.W. WEATHERILL: We do not; the houses of parliament are controlled by the Joint Parliamentary Service Committee and they make those decisions, so it is not a government decision. This has been the practice, and I think we can sensibly accommodate the needs with enough notice.

The Hon. I.F. EVANS: Just on the asbestos, Premier: is it the intention of the staff to now make a list of everyone who has had access to the chamber, given the long-tailed issue of asbestos disease? A number of staff have worked there over many years, and a number of MPs have been there over a long time. I am assuming there is now going to be some register established so that there is a register of who has actually had access to the chamber in case a problem arises down the track, disease-wise.

The Hon. J.W. WEATHERILL: That is a fair question but, to put this in context, the fact of the finding of some fibres in some samples I do not think should necessarily lead one to the conclusion that people have been exposed. Of course it is a concern and that is why we are acting quickly in the way in which we are, but I think there is a step between detecting asbestos fibres and the exposure to them. Where they were detected would not necessarily lead one to the view that people were necessarily exposed to them. However, having been disturbed, they now they raise the increased risk and so we are taking the steps that we are taking.

Obviously the records of this parliament would permit us to do the thing that you suggest, but I would not want to alarm people by suggesting that, just because we have detected some fibres in some part of the ceiling, we can conclude that anybody has been exposed to these fibres. We are really trying to prevent the prospect of them being exposed to these fibres and that is why we have taken the steps that we have taken. The Clerk has reminded me that we are in the process of providing an asbestos awareness presentation to discuss the issues and to address any of the health concerns that you have raised, so that might be a proposition that people might want to raise at that time.

Mrs REDMOND: Further to that question that the member for Davenport asked, surely our obligation is to do at least what we require of every other business that finds any asbestos whatsoever. Are you able to guarantee that we are doing exactly what we require of every other business, who have to go to extraordinary lengths every time they find anything to do with asbestos?

The Hon. J.W. WEATHERILL: I am sure we are doing that and I will make sure that we are doing it. I think we have taken some pretty extraordinary steps upon becoming aware of the fact of the asbestos. We have acted immediately to deal with the risk; that is why we are sitting here, and all the other obligations that attach to the parliament will be complied with.

The Hon. I.F. EVANS: On an unrelated matter, I have always understood there is room in the building for another lift next to the current lift shaft. If that is the case, why have we not ever installed another lift? The cumbersome nature of a building this size having just the one lift at the back, when the bells are ringing and everything, is just a debacle. If there is room for another lift, why have we not put one in at the back?

The Hon. J.W. WEATHERILL: I am advised that there is space but it is presently where the counterweight to the lift is located, so that would require a further space to be created to the west of the existing lift well, which presumably runs then into the corridor that is next to it, where there is an office or a piece of plant. I suspect it has a lot to do with the finances associated with doing such a thing.

To clarify, the question that was asked about the Balcony Room I presume was about a room for ceremonial purposes, because obviously the opposition has the Terrace Room booked all day every sitting day, in much the same way as the government has the Balcony Room booked. So, I presume your question was about a space for ceremonies or suchlike.

Mrs REDMOND: Well, there have been numerous activities over the years, whether it is the Parliamentary Christian Fellowship, or thinkers in residence cocktail parties, or any of the various other groups who have been invited in, the Playford Trust and so on. Various groups come in to have functions in the parliament, who have some connection to the parliament. It seems to me to be unreasonable for the government to say, 'Well, this room is ours and no-one else is going to be using it,' during sitting days, which is when most of those functions take place, because that is the very time that the members are around the place.

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

STATE GOVERNOR'S ESTABLISHMENT, \$3,134,000

Witness:

Hon. J.W. Weatherill, Premier, Minister for State Development.

Departmental Advisers:

Mr J. Hallion, Chief Executive, Department of the Premier and Cabinet.

Mr B. Morris, Executive Director, Services Division, Department of the Premier and Cabinet.

The CHAIR: I will just remind members that we are pressed for time, so you may wish to keep your opening comments brief.

The Hon. J.W. WEATHERILL: I might just make a few remarks about the State Governor's Establishment. Obviously we have a wonderful Governor. His Excellency Rear Admiral

Kevin Scarce and his wife have been in that role since 8 August 2007. Recently we announced the reappointment for a further two years of the Governor in that role. I want to take the opportunity to thank the Governor and Mrs Scarce for their willingness to continue their service and also, at the same time, to acknowledge Mr Hieu Van Le and his role as the Lieutenant-Governor. In fact, his role will also continue for a further two years.

There has been an extraordinary expansion of activity by both of those gentlemen and, indeed, Mrs Scarce over the period. The Governor is patron of more than 200 organisations, which saw him with nearly 800 engagements last year and an even busier program in the current year to date, including 19 visits to regional and rural South Australia. It really is an incredibly accessible and hard-working office, and I just want to acknowledge and thank them for their work.

Mrs REDMOND: Like you, I acknowledge the wonderful work that the Governor and the Lieutenant-Governor do. I refer to Budget Paper 6, page 90, which relates to the State Governor's Establishment. Additional staff are now to be employed, and I gather from the information in the budget that it is two additional staff.

First, how many staff do we have and, secondly, what are the two additional staff to do? It looks to me as though they are not going to be paid very much. If one assumes that with add-on costs being about 30 per cent of salary, the total for the two staff being \$120,000 a year to start—according to your figures—and going out to about \$135,000, I think, that would indicate that they are getting a pay of only about \$45,000 a year, which is not very much compared to the national average weekly earnings. Can the Premier advise what those two additional staff will be doing, how many are currently employed and how many will be employed?

The Hon. J.W. WEATHERILL: I am advised that the number was expected to be 18 and it is now expected to be 20. I think the essence of this is that a savings proposition was to be found by Government House. The net effect of the additional funding is played down in the figures, so that is why it looks like a relatively small amount. So, there has been the reversal of a savings initiative and the provision of two extra staff. So that you can understand the difference in the figures, the 2011-12 result has some one-off funding for an upgraded level of security at Government House, which accounts for some of the difference.

Mrs REDMOND: All of that sounds like more money being spent, and that is fine, except I do not understand where the savings have been made. If you have more staff and you have upgraded the security, where are the savings?

The Hon. J.W. WEATHERILL: In effect, we have reversed the savings. That is what we have said. That is the proposition here.

Mrs REDMOND: Sorry; you have lost me. I asked a question about the \$120,000 for the two additional staff. That is what is shown in a number of points in the budget papers: additional support for the Governor, and I understand that is two additional staff. So, having asked that question, I am told, 'There were 18 staff, we are going up to 20'. It is shown in the budget as an extra \$120,000, going up to \$135,000 by 2015-16. You tell me that it is only that amount—it is not as low as it seems to me—because of offsets, and I am struggling to understand what the offsets are that enable you to say that is the net amount.

The Hon. J.W. WEATHERILL: I think it is a combination of things. The Governor, in response to the savings initiative, has been able to make some economies, but because of the increased workload has needed additional staff. So, some measure of the savings initiative has been achieved, and the additional funding has then been brought to bear so that they can employ the two additional staff to manage the workload.

Mrs REDMOND: So, what are the savings?

The Hon. J.W. WEATHERILL: The first year saving was to be \$65,000 in 2010-11 and \$124,000 in 2011-12.

Mrs REDMOND: So, now we know the amount. What has been cut to create those savings?

The Hon. J.W. WEATHERILL: They were managed through a reduction in the Governor's program, so some more efficient use of the resources there. I do not have the precise details. That was in the 2010-11 program.

Mrs REDMOND: What is the status of the annual vice-regal event that was cut, I think, two budgets ago, and has that been reinstated?

The Hon. J.W. WEATHERILL: I am going to have to take that on notice. I think that was one of the motivations for us giving the additional resources, to make sure that the Governor did not have to lose events of that sort.

Mrs REDMOND: That is why I am asking whether it has been reinstated.

The Hon. J.W. WEATHERILL: I will make some inquiries about that.

Mrs REDMOND: If you would, Premier. When you give the information about whether it is reinstated, could you indicate how much funding it is going to be given and when the event will occur?

The Hon. J.W. WEATHERILL: Certainly.

Mrs REDMOND: I refer to Budget Paper 5, page 44, which is, again, State Governor's Establishment. There is \$107,000 allocated to an annual program. What is the annual program? What is the nature of it?

The Hon. J.W. WEATHERILL: The essence is that it is a small amount of money that is allocated to Government House to do minor works of the following type: irrigation infrastructure (to ensure that they take advantage of the Glenelg to Adelaide pipeline), extensive repairs to the palm court area, the replacement of a veranda in line with heritage requirements, remediation work within the back cellar to remove salts from the substructure, and anchor points and static lines on the rooftop of the house. That is the nature of those measures.

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

DEPARTMENT OF THE PREMIER AND CABINET, \$113,059,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF THE PREMIER AND CABINET,
\$20,551,000

Witness:

Hon. J.W. Weatherill, Premier, Minister for State Development.

Departmental Advisers:

Mr J. Hallion, Chief Executive, Department of the Premier and Cabinet.

Mr B. Morris, Executive Director, Services Division, Department of the Premier and Cabinet.

Mr L. Jones, Director, Corporate Affairs Branch, Services Division, Department of the Premier and Cabinet.

Ms T. Donaghy, Acting Deputy Chief Executive, Cabinet, State Development Aboriginal Affairs, Department of the Premier and Cabinet.

Mr D. Frater, Executive Director, State Development, Department of the Premier and Cabinet.

Ms C. Bierbaum, Executive Director, Strategic Policy, Department of the Premier and Cabinet.

Ms M. Webster, Executive Director, Cabinet, State Development Aboriginal Affairs, Department of the Premier and Cabinet.

Mr J. Loulas, Manager, Financial Performance and Strategy, Corporate Affairs Branch, Services Division, Department of the Premier and Cabinet.

The CHAIR: I now declare open payments for the Department of the Premier and Cabinet. Premier, Do you wish to make introductory remarks?

The Hon. J.W. WEATHERILL: I do. I want to begin by thanking the staff of the department who have served us so well since I took over this role: obviously, it has been a very steep learning curve. I want to thank all those in the agency who have helped me in this role. We have undertaken an enormous amount of work to reorganise the work of government, including

changes to the machinery of government—changes that have resulted in the better aligning of departments and ministerial arrangements, including:

- the creation of the Department of Planning, Transport and Infrastructure, making sure that planning is linked to transport infrastructure and urban development;
- bringing together trade, economic development, minerals and energy policy to help prepare South Australia for the development of the advanced manufacturing, mining and energy sector; and
- merging key services from Families SA together with education and child development to lead to a higher quality education and care sector.

We have also refocused the work of the Department of the Premier and Cabinet. The Social Inclusion Unit, RenewablesSA and the Sustainability and Climate Change Division have been transferred back to the line agencies where their core functions align with those units. The Office for State/Local Government Relations, Shared Services, Office of the Chief Information Officer and Services SA have been brought into DPC, and we have also seen the creation of the new state development ministry.

The new division of the department will support me in bringing together DPC business units and budgets, including the Office of International Coordination, Protocol, Adelaide Thinkers in Residence and the Office of the Economic Development Board, and also deals with economic policy and population and migration policy functions which came from the old DTED.

This process has not led to an increase in the Public Service: it has merely reassigned existing employees to our central agency, and it is obviously designed to get a better whole-of-government approach in relation to community engagement, as well as lining up our information and technology resources in one place.

DPC has been instrumental this year in the development of the government's seven strategic priorities which the Governor outlined in parliament. The state government, obviously, is focusing its attention around these seven priorities—realising the benefits of the mining boom for all South Australians, growing advanced manufacturing, premium food and wine from our clean environment, creating a vibrant city, renewing our neighbourhoods to make them safe and healthy, an affordable place to live, and every chance for every child. There is an enormous amount going on to advance these particular policy areas, including cabinet processes and reorganisation within our Public Service.

A critical area that we have been focusing on within the Department of the Premier and Cabinet through a cabinet task force has been the River Murray. We know that a healthy river is vital for our future. Industries depend on it, communities depend on it, our water supplies depend on it and our iconic environmental features depend upon it. The draft basin plan is inadequate—it does not deliver to irrigators; it does not protect the river or the communities that depend upon it. We know that we need to stick together as a community, and we need to persuade others interstate to do that if we are going to have the capacity to deliver a healthy river. That is why we have launched the Fight for the Murray campaign, and that is why we will continue to campaign on this issue.

Our community engagement aspect of the DPC is driving this. We are already inviting people across government, across our state, to join that campaign by registering at www.fightforthemurray.com.au; and so in a range of areas the DPC is taking a lead, and I want to thank Jim Hallion for his leadership and work.

Mrs REDMOND: I refer to Budget Paper 4, Volume 4, page 15, which is the workforce summary, and in particular the amount for the Department of the Premier and Cabinet, which shows as over \$2 million. My question is this, Premier: I received a response, again from you, quite recently, in May, from a question I had asked in November. The answer I got from you to my question about people being paid certain amounts was that during 2010-11 the Department of the Premier and Cabinet reported seven employees who earned in excess of \$300,699. I am wanting to know from you, what were their jobs?

The Hon. J.W. WEATHERILL: I am struggling with the number of three, because my briefing says that there is the Chief Executive of the agency, there is the Commissioner for Public Sector Employment and then the Commissioner for Renewable Energy—that is three, but I am just checking because it may well be that there are two others that received TVSPs, but I'm checking—

Mrs REDMOND: I think that's right; I was going to ask about them. Included in that I think were two TVSPs, and I would be interested to know what their salaries were before they got their TVSPs, because they could still have been over \$300,000 before that. That still leaves us short a couple. Surely, Premier, you know when there are people being paid more than you in your own department who they might be.

The Hon. J.W. WEATHERILL: I think that one of the complexities here is that the actual termination payment is part of the remuneration for determining whether it exceeds \$300,000. That does create a false impression about what their salary is. I think that two are in that category, but I will provide you with the details of their salary and how their termination payment tipped them over \$300,000.

Mrs REDMOND: That only takes care of five at the best and even then it does not take care of the two who got TVSPs because they may well have been in excess of \$300,000 before their TVSPs. The response given by you did not indicate whether they were under or over \$300,000 prior to their TVSPs.

The Hon. J.W. WEATHERILL: I think we know who they are, but rather than guess, we will come back with an answer for you.

Mrs REDMOND: Surely, Premier, if there are seven people in your own department paid more than \$300,000, that is more than the Premier's salary, you would know who they are.

The Hon. J.W. WEATHERILL: It includes TVSPs.

Mrs REDMOND: No; two of them might include TVSPs.

The Hon. J.W. WEATHERILL: I will supply you with an answer.

Mrs REDMOND: Can you supply me with the names of the people?

The Hon. J.W. WEATHERILL: If you please. I would have thought that it would be adequate for you to have their positions, but if you would like their names so that you can have some political fun with that, I am sure we could supply them. However, I would ask you to obviously treat their personal circumstances with some respect. I do not think it should be a matter of bandying around names. The positions should be adequate, but if you insist on the names, I will provide them.

Mrs REDMOND: I just find it extraordinary that there are seven people who earned over \$300,000 in your department last year. This is not the health department running the health sector, this is not the education department running education: this is in Premier and Cabinet, seven people.

The CHAIR: Leader of the Opposition, the Premier has indicated that he will provide you that information. Can we move to the next question, please?

Mrs REDMOND: I refer to page 15 of Budget Paper 4, Volume 4. The summary on that page shows: Add: full time equivalents transferred out, and Less: full time equivalents transferred in. No matter how I add up those numbers, I come to a figure of 1,256.6 more, and yet the total at the bottom of your page says 824. I am puzzled as to how you get that figure, when there were only 30-odd people transferred out and, clearly, nearly 1,300 transferred in.

The Hon. J.W. WEATHERILL: I think the way to look at the column is to take 2,080.6 and add in the first three numbers, so add in FTEs transferred out—

Mrs REDMOND: How do you add them in if you are transferring them out?

The Hon. J.W. WEATHERILL: I was heading you in the right direction. Take 2,080.6, add in the first three numbers, subtract the next numbers, and that will give you 824, which is where we were before the machinery of government changes. What we are trying to demonstrate here is that it is the same size DPC; it is just that it has now had some additional functions brought into it, and that is demonstrated by the transfers in and out.

Mrs REDMOND: For the life of me I do not understand how you add in people who have been sent out of the department. You have transferred 30 people out, and you are saying add those in as your extra numbers, and the people you have added into the department, you are saying subtract those?

The Hon. J.W. WEATHERILL: We are reconciling back to the starting point of the agency. It is perhaps expressed in a counterintuitive way, but it does add up if you go through that process.

Mrs REDMOND: I can see that the numbers from that 2,080.6 down to 824 add up, but they do not make any sense.

The Hon. J.W. WEATHERILL: I think they do if you consider that 824 is the original establishment, then you add back in the new functions. You add in the functions that have come to our agency and you subtract the functions that have left our agency, and that gives you the new number in our agency.

The Hon. M.J. ATKINSON: I refer you to Budget Paper 4, Volume 4, page 23, Program 2: State Development. Can you explain to the committee why the River Murray is important to our state's development and why the government has chosen to fight a campaign for a healthy River Murray?

The Hon. J.W. WEATHERILL: I thank the honourable member for his question. Two clear things emerged out of the basin-wide plan process in recent months. One was the importance of a healthy river to South Australia; that became absolutely clear across the 2,221 submissions from across the state to the authority on the draft. We could see the massive importance of this river to the South Australian community. It is not only a Riverland issue; it is a statewide issue. Put simply, people's livelihoods depend on it, and our precious environment could not survive without it.

The second thing that was patently obvious, I think, from the submissions in the process, was the inadequacy of the present plan. It fails to recognise a couple of things: our responsible use of the river, and it leaves our internationally recognised Ramsar sites—the Coorong wetlands and the Chowilla floodplains—at risk of being further degraded.

South Australia respected this process of developing the basin plan: we spoke with our river communities; we had scientific analysis independently made, which was reviewed and confirmed; we put forward a comprehensive submission with 71 recommendations aimed at improving the plan. Unfortunately, all this diligence and respect for the science has been largely ignored in the most recent version of the plan.

I believe the choice is absolutely clear. We stand up and fight for what we know is right or we settle for second best—or, in the words of the Deputy Leader of the Opposition, we 'settle for a Mazda'.

I make no apologies for choosing to fight for the river, because we believe that if we lie down now we will be walked over. There is absolutely no doubt about that. That is why we have committed up to \$2 million to our Fight for the Murray campaign. These funds will be drawn from existing resources in the Department of the Premier and Cabinet as well as new funding, and will be directed to bring the weight of South Australian and national community opinion to bear on the process of returning this river to health. A detailed campaign strategy is being prepared and our campaign will soon be very apparent.

This decision has not been taken lightly; we believe the river is too important for us to simply lie down. In the last few weeks we have seen the upstream states back away from reform. Within three days of being awarded almost half a billion dollars, New South Wales cut its own funding to the national river reforms by 60 per cent, and further cuts are planned. Victoria is actively running around with a number of 2,100 gegalitres, and we have already seen the effect of campaigns being run by upstream interests. Billions are being invested in irrigation infrastructure in New South Wales and Victoria while our state's responsible use of the river goes unrewarded.

The campaign by the upstream states will only intensify. Just today it has been revealed that we can expect to see organisations like New South Wales Irrigators running a professional campaign to scare consumers about food prices, argue that a healthy river will irreparably damage the economy, or claim that it will be the end of family farming in the basin. What is conspicuous about today's report is that the New South Wales Irrigators' strategy appears to be absent of any reference to the science. This campaign must be exposed for what it is: a campaign by vested interests to protect their interests at the expense of the river and certainly at the expense of South Australia.

We are not going to be the generation that gave up on this river. I want to be able to look our children in the eye and say that we did everything we could to save this river.

Ms BETTISON: I refer to Budget Paper 4, Sub-program 2.6, page 29. What have been the impacts of the Adelaide Thinkers in Residence program, and how is the government transitioning it to a new model, given the budget decision to end core funding?

The Hon. J.W. WEATHERILL: I thank the honourable member for her question. Over the last 10 years we have had 22 Thinkers, who have provided a range of advice to drive innovation and new ideas in South Australia. The program has helped us respond to some critical issues of need in the community. Most recently, the state government announced it would spend more than \$8 million over four years on a strategy to boost opportunities in the advanced manufacturing sector by virtue of the recommendations of former thinker in residence Göran Roos. Professor Roos has led the establishment of the ministerial task force in South Australia on manufacturing and the development of a manufacturing green paper.

We have also seen other significant benefits for our state, including in child development through the Australian Early Development Index (as part of Fraser Mustard's residency), the \$6 million Australian Centre for Social Innovation and the construction of three Common Ground Adelaide sites to house the long-term homeless, coming out of Roseanne Haggerty's residency.

Some existing Thinkers are still in place. The program will not go past June 2013 in terms of block funding from the state government, but we will be supporting the existing Thinkers—Martin Seligman, who is focusing on wellbeing and resilience, Carla Rinaldi, focusing on early childhood and Alexandre Kalache, who is working on age-friendly cities.

In some residencies we are receiving final reports in relation to public services and road safety from John McTernan and Fred Wegman respectively. All of these residencies have made tremendous contributions. Many of them are now receiving, as was mentioned earlier, substantial non-government contributions and industry group contributions as well as contributions from different government agencies.

For example, Carla Rinaldi is more than 60 per cent funded by the private sector, so there are obviously great possibilities for us to float the Thinkers in Residence idea into a non-government vehicle and that is certainly our ambition in the next 12 months. There had been some thinking about introducing someone to help us with live music and there has been an enormous amount of interest in that. We think we will be able to bring together a cocktail of funding from a range of organisations to support that residency.

We think that the Thinkers in Residence program has been an excellent initiative. It started off funded solely by the government. It has now become a partnership with government and other sectors and ultimately we are going to float it off into a non-government vehicle and, just to assist the honourable member with her earlier questions about the various costs associated with the residencies, I table this document, if it is in order.

The CHAIR: If you provide them to the Chair, we will copy them and circulate them to members. You can only table statistics.

The Hon. J.W. WEATHERILL: I will make that available to the committee at an appropriate time.

Ms BEDFORD: I refer to Budget Paper 4, Volume 4, page 27. Could you provide us with an update on South Australia's recent economic performance and outlook?

The Hon. J.W. WEATHERILL: I thank the honourable member for her question. There is no doubt that we are facing a period of very substantial global uncertainty. What we are seeing in Europe every day is having a massive impact not only on the world economy but also on sentiment here in Australia and in particular in South Australia. We have seen it show up in our consumer confidence and household spending. Nevertheless, South Australia's economic fundamentals remain in a strong position, despite the turbulence in the global economy.

In the past financial year, South Australia's gross state product grew by 2.4 per cent which exceeded the national growth of 2.1 per cent, so we are ahead of the national average. Gross state product results are only released annually and the figures for this year will not be released until towards the end of the calendar year, but the state budget forecasts that the state economy will grow by 1½ per cent in 2011-12 and by 2¾ per cent in 2012-13 in real terms.

The South Australian Centre for Economic Studies estimates growth will be more conservative—0.5 per cent in 2012-13. This contrasts with more positive forecasts of 3 per cent by the NAB, 2.2 per cent by Westpac and 1.6 per cent by Deloitte. To know which of these forecasts is accurate, we will obviously have to wait until November 2013, but in the meantime there are some strong pointers to the health of the state's economy.

Just in the last fortnight we saw numbers published showing that state final demand grew by 1.7 per cent in the March quarter, just marginally behind the national growth of 1.8 per cent. I

think it was the shadow treasurer who asked me some questions about state final demand when he drew attention to two quarters—September and December—which reported as negative at the time of publication. They have now been revised. According to the latest estimates, those two quarters are no longer showing as negative. As I said on a number of occasions, final demand is not a measure of state economic growth, but it is a pointer, so it is important to note that even that initial negative preliminary assessment has been revised upwards.

Of course, the state's unemployment rate is at historically low levels and is identical to the national rate of 5.1 per cent. In the past, this state traditionally experienced higher unemployment than the national average, and that gap is now closed. Job advertisement figures are strong; newspaper ads rose by 2.8 per cent over the month compared with a 2 per cent drop nationally, and that is good news.

The state's merchandise exports continue to grow faster than the national rate by 8.8 per cent in the 12 months to April, despite the high Australian dollar. Private new capital expenditure in South Australia grew by 10.7 per cent over the 12 months to March quarter, which was higher than New South Wales, ACT and Victoria. South Australia's population is still growing. South Australia's non-petroleum mineral exploration expenditure grew and is 25 per cent higher than a year earlier, which is a recovery of pre-GFC levels.

There are also indications of improvement in business confidence, with confidence levels rising from 105 to 112 over the quarter. Rises were recorded in all states except Victoria and Tasmania. So, I think there is a lot to be positive about, and I think most South Australians want us to be positive about the future of our state.

The Hon. I.F. EVANS: Supplementary: Premier, you mentioned the questions I had asked you, and you mentioned the figures have been revised. Could you inform the committee what the figures were for the June 2011 quarter and the September 2011 quarter to the gross state product, and is it true that they showed a negative growth in those two quarters?

The Hon. J.W. WEATHERILL: This is the difficulty: the gross state product is published annually and is not published on a quarterly basis as your question suggests.

The Hon. I.F. EVANS: I will ask the question in another way: the Premier advised the committee that figures I had used had been revised in the December quarter from a negative to a positive. Can the Premier confirm that the same figures used in the June quarter and September quarter show that they were negative?

The Hon. J.W. WEATHERILL: I am not entirely sure what you are asking about. What I am suggesting is that the numbers that were pointed to in relation to final demand, which is not a measure of state economic growth as has been suggested, were previously measured as negative and they are now positive.

The Hon. I.F. EVANS: So the state final demand, less exports, for the June and September quarters last year do not show negative?

The Hon. J.W. WEATHERILL: If you want to find a statistic which ultimately gives you the result that something is heading into negative territory, I am sure if you look hard enough you fill some—

Mrs REDMOND: In this state you will.

The Hon. I.F. EVANS: I am just asking you to be consistent in your answer.

The Hon. J.W. WEATHERILL: Well, I think—

The Hon. I.F. EVANS: You are not consistent in your answer.

The Hon. J.W. WEATHERILL: I think you have just reframed the question; you said state final demand, minus exports. I am happy to look at how you framed the question and I will bring back an answer, but the gravamen of the point is that our state has been growing, it has not been in recession, as has been suggested by you previously, and that has been borne out by the figures.

The Hon. I.F. EVANS: I was just quoting economic commentators.

Mrs REDMOND: Three of them.

The Hon. I.F. EVANS: I am allowed to quote three economic commentators.

The Hon. J.W. WEATHERILL: Perhaps that'll learn you!

The Hon. I.F. EVANS: Sorry?

The Hon. J.W. WEATHERILL: Well, perhaps that'll learn you.

Mrs REDMOND: That's what he said—'Perhaps that'll learn you.'

The Hon. I.F. EVANS: Oh, okay.

Mrs REDMOND: Yes, quoting economic commentators, how dare you!

The Hon. J.W. WEATHERILL: You can find somebody to back up any perspective. I think what is consistent, though, is that if there is any hint of bad news, then the opposition is very keen to advance it.

I can assist the committee by responding to something that we were looking for earlier. The seven names and positions that the Leader of the Opposition asked about earlier are: Kim Petersen, TVSP from AARD, the Aboriginal affairs division; Bill Cutts, TVSP from SafeWork; Chris Eccles, chief executive; Greg Mackie, acting chief executive; Elbert Brooks, reporting to the Executive Director, Public Sector Workforce Relations; Commissioner for Public Sector Employment, Warren McCann; and the Commissioner for Renewable Energy, Tim O'Loughlin. This was for the 2010-11 financial year. The position I mentioned was the position that is now occupied by Mr Hallion, so Chris Eccles.

Mrs REDMOND: I refer to Budget Paper 1, page 25, which one of your earlier Dorothy Dixier questions referred to, on the River Murray. Was it an appropriate use of departmental resources for you to send an email to the state's public servants—almost 100,000 public servants—asking them to participate in a political campaign on the River Murray, called Fight for the Murray campaign, set up by you using Twitter and Facebook?

The Hon. J.W. WEATHERILL: Yes, it was. As we are serious about winning, we want all South Australians supporting us. This should not be a matter of politics; it should be a matter of what is in the state's interests. There used to be a time when the Liberal Party joined with the Labor Party in a bipartisan way to fight for the future of the river, and I hope we will get back to that.

Mrs REDMOND: We are fighting for the future of the river, Premier; we just do not happen to think that the way you are going is going to achieve it. I put it to you again that that was an entirely political use of government resources to invite all those public servants to participate in what was essentially a political campaign taking your view of what needed to happen, when it clearly was not the view of everyone in South Australia.

The Hon. J.W. WEATHERILL: I think you supported the resolution in the parliament. I think you have been trying very hard to undermine that by speaking against it but, when push came to shove and there was a resolution before the parliament which determined what direction we should take as a state, your party supported it and it was passed unanimously. So, I see this as a matter of common interest between us, and it has the full support, I believe, of all South Australians. I do not believe it is political. I think this is about what is in the best interests of the state.

The Hon. I.F. EVANS: That means we would get access to it, would we?

Mrs REDMOND: Yes, we will get access to everything, no doubt. It just matches the response of your health minister in using the government department and officers of the health department to provide advice—

The CHAIR: Leader of the Opposition, can we have a question, please?

Mrs REDMOND: —prior to the last election in contravention of the conventions.

The CHAIR: Your next question.

Mrs REDMOND: I refer to Budget Paper 4, Volume 4, page 16. My question is: out of which budget line is the funding for the reported \$100,000 worth of perks for former premier Rann, which was supposed to last six months after the former premier left office; when did the funding finish; and what is the breakdown of the final amount paid? In asking that question, I point out that your own Sustainable Budget Commission indicated that the cost of having a driver and a car—and you yourself said that driver and car were available 24 hours a day for the premier—was \$292,000 a year. For six months that is almost \$150,000. So, on what basis do you say it was only \$100,000? Where is the breakdown and where is the budget line that shows it?

The Hon. J.W. WEATHERILL: There were quite a few questions there, but I will start with a simple one. The former premier resigned on Friday 13 January 2012 and began accessing services on Monday 16 January. So, the former premier will have his entitlements cease on Friday 13 July 2012. In relation to the funding for these matters, they have been funded from existing resources, within support services within DPC. I think you have a view about how much the driver costs and—

Mrs REDMOND: It is not my view, Premier: it is what was said by your Sustainable Budget Commission.

The Hon. J.W. WEATHERILL: We did not adopt everything the Sustainable Budget Commission came up with. I hear what you say. We will provide a response to those matters. What I said at the time I think goes in relation to this question; that is, that this is a modest provision for a former premier of the state and it is certainly in keeping with the standards that exist in other states.

Mr WHETSTONE: Premier, how much has it cost South Australian taxpayers for the Goyder report to determine that the 4,000 gigalitres is the volume needed to bring the river back to health, and why are you now asking the Murray-Darling Basin Authority about modelling for 3,200?

The Hon. J.W. WEATHERILL: We have not suggested that 4,000 gigalitres is the number. That is something that you have consistently said about what I have said. It is an inaccurate statement.

Mr WHETSTONE: Are you saying that you have never called for 4,000 as the number that the Goyder Institute reported?

The Hon. J.W. WEATHERILL: I have consistently used the same formula over and over again; that is, the best available science at the time the guide was published demonstrated that 3,500 to 4,000 gigalitres of water was necessary to restore the river to health. We have said that, until we see different modelling to suggest that we can have a healthy river with some lower number, that is what we would be sticking with.

Since that time, we undertook the work from the Goyder Institute to analyse the work that occurred within the department, which demonstrated that the number that was proposed by the authority (2,750 gigalitres) was inadequate but that a higher number (3,200 gigalitres) would show some benefits, especially in relation to the Lower Lakes area of the river, but it was uncertain about whether it would make an important difference to the Chowilla Floodplain area. We needed access to further modelling from the authority to assist us in understanding whether 3,200 gigalitres was adequate or whether some higher number was adequate, and that was one of the key recommendations we made to the authority.

Obviously people always take the shorthand approach, but I have taken the view consistently that we cannot be calling on the authority to base its judgements on the best available science and us plucking a number out of the air. We have to be consistent with that. We have always made the same point: we want a healthy river based on the best available science, and we are not going to relent until we get that.

Mr WHETSTONE: Again, Premier, the question was: how much did the Goyder report cost South Australian taxpayers?

The Hon. J.W. WEATHERILL: It is in minister Caica's portfolio, and I am sure that he will—

Mrs REDMOND: You only want to talk about the things on the river that you want to talk about.

The Hon. J.W. WEATHERILL: I want to talk about the things on the river that we fund, because this is an estimates committee. It is funded through the Department for Water, which has now been amalgamated with the Department of Environment and Natural Resources. Either I will bring back an answer or minister Caica can be asked that question during his estimates, but I have no difficulty in providing that number for you.

The CHAIR: There is time for one question from my right.

Ms BETTISON: With reference to the budget paper, Volume 4, page 27, has the government achieved its red tape reduction target?

The Hon. J.W. WEATHERILL: Thank you, member for Ramsay. I am pleased to say that we have delivered on the commitment to reduce the red tape burden on South Australian businesses and the broader community. A \$150 million per annum red tape reduction target has

been reached within the April 2012 deadline. Ernst & Young, appointed to provide independent assessment of the valuations provided by state government agencies, has confirmed that the government has succeeded in achieving savings to business and the broader community of \$150.3 million. The original challenge was set in 2006, with a two-year program to reduce the cost of bureaucratic red tape by \$150 million. That was surpassed, with the outcome independently verified at \$168 million. So, the total saving from the two-phase program is now \$320 million. I think this is an excellent outcome and reflects the strong direction of the Competitiveness Council, which drew on the expertise of leaders across government and industry to ensure that business priorities were addressed.

Some of the initiatives that have led to this include: abolition of stamp duty on mortgage transactions, with savings in associated administrative costs; reductions in processing time for water trading, water allocation and water licence applications; simplified and streamlined recognition of existing skills processes; the residential code; standardised grant agreements for low-risk grants for non-government organisations; and processes now in place to consolidate these gains and ensure that new red tape does not creep back in the future, including regulatory impact statements on new regulations that are introduced.

This is, no doubt, part of the reason we are ranked as the most competitive of the Australian cities assessed in the recent KPMG Consulting Competitive Alternatives report, released in March of this year, ranking above Melbourne, Brisbane and Sydney. So much for this nonsense about our competitiveness because of business costs. South Australia is an incredibly competitive place to do business. It is a destination of choice for business.

Mrs REDMOND: How come all of our automotive industries have slid down on the scale then?

The CHAIR: That closes that part of the examination. We will now move onto the Economic Development Board. Premier, do you have different advisers?

The Hon. J.W. WEATHERILL: I have the same advisers.

The CHAIR: Do you wish to make any comments on the board?

The Hon. J.W. WEATHERILL: No.

Mrs REDMOND: I refer to Budget Paper 4, Volume 4, page 27, economic policy. There is a table in the middle of that page on expenses. My first question is: why is the budget for the expenses for economic policy for the coming year almost double the budget and estimated result for the previous year?

The Hon. J.W. WEATHERILL: The first thing I notice is that it does bounce around a bit. It was \$2.6 million in 2010-11. I will attempt to give an explanation for the change between 2011-12 and 2012-13. We will just try to find that. If you could perhaps move onto another question, and I will try to come back to that.

Mrs REDMOND: It always bewilders me that we have all these highly paid people here to advise and we cannot get answers to the questions. Volume 4, page 27, the second dot point under Financial Commentary refers to the transfer of funding from the Office of the Economic Development Board for the Competitive Council project. What is the Competitive Council project?

The Hon. J.W. WEATHERILL: Essentially, the KPMG report was the Competitive Council project that we referred to earlier which ranked the various states and territories.

Mrs REDMOND: I understood that was the Competitive Alternatives report, as opposed to the Competitive Council Project?

The Hon. J.W. WEATHERILL: I think it is the same thing. It was called that for the purpose of it being described here, and that is the by-line that the report came up with.

Mrs REDMOND: That 2012 KPMG Competitive Alternatives report is referred to both there and on page 28 as the Competitive Alternatives report, hence my confusion. On one page you refer to it, apparently, as the Competitive Council project and on the next page it suddenly becomes the Competitive Alternatives report. My view still is they are probably different things but, nevertheless, you are telling me they are the same.

Okay, so we have got the Competitive Alternatives report there. The 2012 KPMG Competitive Alternatives report shows Adelaide to be the second highest cost Australian city for manufacturing of automotive parts, yet back in 2008 the same report showed us as the lowest cost Australian city. What explanation does the government have as to why we have gone from being

the lowest cost Australian city to the second highest cost city over the two consecutive reports that are involved there?

The Hon. J.W. WEATHERILL: We will bring back a specific answer about how that has moved over time, but can I say that this really is at the heart of the challenge. The truth is, in relative terms, we are a high-cost jurisdiction.

Mrs REDMOND: We have the highest taxes.

The Hon. J.W. WEATHERILL: We are a competitive place to do business but, in relative terms (because this is an internationally benchmarked survey), we are a relatively high-cost jurisdiction; and that is the whole point about moving to an advanced manufacturing future for our state, as opposed to a low-cost, behind-a-tariff-wall with low labour costs, low land costs and low utility costs state. That was the old model which is now no longer available to us in South Australia. That is why we are proposing an advanced manufacturing future. So it is not inconsistent with the direction that we are taking.

I will bring back a specific answer about the way in which that has changed but, to answer your question about the nomenclature, the Competitive Council project is a body which ran the red tape project, which I referred to earlier. The answer I gave earlier needs to be altered. The Competitive Council project is the body that ran the red tape work and the KPMG Competitive Alternatives report is a separate proposition.

Mrs REDMOND: As I had thought. What you just said, Premier, about these tariff issues, and so on, and our relatively high cost would all make sense if you were talking internationally. The comparison in the alternative document, the Competitive Alternatives report, is with other Australian cities. We have slipped as against the other Australian cities. What I am interested in is the explanation for why that would be the case.

The Hon. J.W. WEATHERILL: I will bring back an answer to you, but can I say that historically we have always been a low-cost jurisdiction in relation to manufacturing. That has been the nature of our manufacturing base and it is not something which is sustainable in the future. We are going to have to find a way of being a manufacturing sector that is competing on the basis of value, not on the basis of low costs.

Mrs REDMOND: Another competitiveness report was issued last week. Mercer's Cost of Living Index was issued on 13 June, and in the report Adelaide jumped from 46th to 27th place in the international rankings. That is the biggest jump of any Australian capital city, meaning that its cost of living has comparatively worsened. Of course, that was taken as at March 2012, that is before the 2012-13 SA Water price increases take effect and before the carbon tax kicks in. Are you anticipating that Adelaide will suffer a further slide down the international competitiveness rankings once the carbon tax kicks in?

The Hon. J.W. WEATHERILL: What we do know is that South Australia remains one of the most affordable places to live in Australia. Indeed, recent research by the National Centre for Social and Economic Modelling has shown that Adelaide is the most affordable major city in which to live in the country.

There is no doubt that there are pressures on household budgets, and one of them is a little gift that the Liberal Party gave to consumers of South Australia with the privatisation of ETSA. There are lots of pressures on households, and we are doing our best not to add to the burden. In this budget that we are examining we are faced with a dramatic reduction in revenue. We tried to steer clear of imposing any additional burdens on households, and that was difficult but we did that. Where we can, we will try to find ways of relieving pressure on households.

Ms BEDFORD: I refer the Premier to Budget Paper 4, Volume 4, page 28. Premier, can you let us know the benefits of rebranding South Australia?

The Hon. J.W. WEATHERILL: I thank the honourable member for her question. I believe this is an important initiative about making sure that we make a strong and prosperous future for our state. A critical issue in attracting the people with investment ideas that we need to be a successful state would be to ensure that we have a strong reputation, not only around Australia but around the world. A key element of our global competitiveness is that, first, we have to be aware that we are actually in that global competition for cities.

We trade in a global economy of cities, and so the way in which we project ourselves to the world is absolutely crucial, and that is why our brand, what we are known for, is absolutely crucial. You cannot be preferred by people if there is no awareness, and so that is why we need a cut-

through message both around Australia and around the world. The truth is that there are a lot of people at the moment promoting us in different ways.

A lot of government agencies have lots of logos and lots of ways in which they present themselves. Instinctively people know this and they are out there doing this, it is just that it is not necessarily coordinated. We have Education Adelaide, we have Invest in SA and we have Defence SA. We have a whole range of organisations that are already doing this. That is why I have asked the Economic Development Board to develop a new brand for our state. It is not simply a process of developing a logo, a slogan or tagline: it is much more than that. It is to understand what is the truth about our state, what drives how we act, behave, what we build, and what our future looks like. Investors, purchasers of goods and services, tourists, students and migrants, all have a perception of our state. It is critical that we send a truthful message which captures the essence of what is the best of South Australia.

I have asked the EDB to undertake the task not simply because of their expertise, but because if the exercise is to succeed it must be enduring and over time it must secure bipartisan support. So, the EDB will be reaching out to all parties and all sectors of our state to try to build a consensus around this issue.

Ms BEDFORD: I was going to ask you about the role of Muriel Matters and suffrage, but I won't. She's very well known in London.

The Hon. M.J. ATKINSON: Premier, I refer to Sub-program 2.5: Office of the Economic Development Board. Could you outline the work the Economic Development Board did about Kangaroo Island?

The Hon. J.W. WEATHERILL: One of the items on the agenda is to grapple with the specific needs of regional communities. I think everybody appreciates that Kangaroo Island is an iconic place for our state. In mid-2010 the EDB was asked to investigate if Kangaroo Island was optimally on the path for development for both its own citizens but also for the broader South Australian community.

There was a comprehensive set of consultations, and the EDB utilised its unique position to critically analyse the issues facing the island. They published a report called 'Paradise Girt By Sea', which was released in conjunction with the community cabinet that was held in July last year on Kangaroo Island to mark the celebration of the 175th anniversary of the landing at Reeves Point.

While the EDB contained recommendations on numerous issues, I want to mention two and what we have done to act on them. First, the EDB suggests we consolidate a number of state government interactions with the island into a single point of contact, which has led to the creation of the Kangaroo Island Futures Authority. The second recommendation was centred on tourism, in particular increasing in the amount of tourism dollars spent on the island over the next decade.

I am pleased to inform members that a specific target, visitor expenditure on KI, of \$180 million by 2020 has been included in the last update of the strategic plan. While I have only mentioned two of the recommendations, there are obviously many other ways that we can improve this incredibly important place for South Australia. The piece of work underpins the role the board can play in sitting separate from government but engaging a broad range of people in a conversation which really transcends the economic and looks at the social and environmental development of our citizens.

The Hon. I.F. EVANS: Supplementary question: the new target for Kangaroo Island is \$180 million visitor expenditure by 2020. Is that interstate and overseas visitor expenditure, or is it intrastate, interstate and overseas visitor expenditure? Whatever measure it is, what is the current level?

The Hon. J.W. WEATHERILL: I do not know the answer to that; I will bring back an answer. I presume it is expenditure from all sources, and I do not know where we are at the moment, but I will bring back an answer.

Mr WHETSTONE: Premier, while we are on the issue of regional development, infrastructure investment and tourism, has there been a study on the impact on economic development in the Riverland region of Cadell by removing the infrastructure of the Cadell ferry service? Just on that, your media release on 17 May 2012 about a new agreement signed between state and local governments in South Australia quoted the Minister for State/Local Government Relations as saying that the state and local government continue to work together to ensure the viability of the River Murray and the South Australian river communities. Why, therefore, are you

closing the Cadell ferry service and why wasn't any River Murray council consulted on this decision?

The Hon. J.W. WEATHERILL: I understand that the Minister for Transport was asked questions about the Cadell ferry. Obviously it falls within his province, but as I understand the matter there have been no cuts to funding; it is a reallocation of resources to deliver ferry services within the River Murray communities. I think it is a reallocation of resources based, essentially, on the patronage of a service which is relatively lightly used. That money will be reinvested in other elements of the River Murray in terms of transport of people across the river.

Mr WHETSTONE: Just on that, Premier, you made a commitment to the Local Government Association that you would work together, that you would consult with them, yet they had no knowledge of the closure of that ferry service—none.

The Hon. J.W. WEATHERILL: As I said, I am not the relevant minister, but as I signed the agreement, that committed us to working in consultation with local government. Obviously there are matters that are within the province of the state government. I do not think that every state government decision requires prior consultation with local government, but I would imagine that there would be some discussion with the local community. I do not know what happened on this particular occasion.

The CHAIR: The time has expired for the examination of that line. We now move to the Motor Sport Board.

Departmental Advisers:

Mr M. Warren, Chief Executive, SA Motor Sport Board.

Mr G. Staniforth, Finance Manager, SA Motor Sport Board.

The Hon. J.W. WEATHERILL: I have with me the Chief Executive and the Finance Manager of the Motor Sport Board.

Mrs REDMOND: I refer to Budget Paper 5, page 57, and the South Australian Motor Sport Board's investment program. I have a question about Bernie—don't panic, it is not the very Hon. Bernie Finnigan. On your recent visit to London, a visit that puzzles everyone because first you suggested it was to meet with Prince William and Princess Kate to invite them here, but we now know that that was just a dinner at Australia House—at which you were apparently present, as well as lots of other obviously very tall people. You also suggested it was to encourage European investment in Australia, but you also admitted that no-one knows where South Australia is and, even if they did, over in Europe they do not have any money to invest. My question is this: did you, on your visit to London, have a meeting with Bernie Ecclestone?

The Hon. J.W. WEATHERILL: Almost none of what you have said is accurate, including the suggestion that I met with Bernie Ecclestone.

Mrs REDMOND: You are saying that you did not meet with Bernie Ecclestone?

The Hon. J.W. WEATHERILL: You heard me.

Mrs REDMOND: So you did not suggest to Bernie Ecclestone that we might have the Grand Prix back to Adelaide?

The Hon. J.W. WEATHERILL: No.

Mrs REDMOND: No meeting whatsoever with Bernie Ecclestone?

The Hon. J.W. WEATHERILL: No. It just goes to show how poorly informed you are. Maybe you should check with your advisers, because almost none of the things you mentioned are accurate. The suggestion that somehow the trip to Britain and Europe to attract inbound investment, which still remains one of the largest single sources of inbound investment into South Australia, is something that should not occur, demonstrates, I think, a complete inability to understand what are the vital economic interests for South Australia.

Mrs REDMOND: I want to be very clear: you are absolutely denying that you had any meeting with Bernie Ecclestone while you were overseas?

The Hon. J.W. WEATHERILL: I only answer a question once. It is adequate.

The CHAIR: It is on the record.

Mrs REDMOND: Okay, we will move on to other things. I think he has probably put it on the record.

The CHAIR: No; it is on the record. The questions and answers are in *Hansard*, so it is not 'probably on the record'—it is on the record.

Mrs REDMOND: I just want to make sure that it was a very clear 'no'—the Premier denies that he had any meeting with Bernie Ecclestone.

The Hon. J.W. WEATHERILL: Yes, the Premier denies he had any meeting with Bernie Ecclestone. Can I ask you a question: who told you that?

Mrs REDMOND: Unfortunately for you, Premier, it is my turn to ask questions.

The Hon. J.W. WEATHERILL: Fortunately for you.

Mrs REDMOND: Very interesting.

The CHAIR: Leader of the Opposition, next question, please.

Mrs REDMOND: I refer to Budget Paper 4, Volume 4, page 178—Motor Sport Board, which appears about a third of the way down the page. Why have payments to the Motor Sport Board jumped around so much, including a \$6.5 million jump from the 2011-12 budget to the 2011-12 estimated result?

The Hon. J.W. WEATHERILL: I asked the same question. The short answer is that there is a core amount of funding that is supplied to the Motor Sport Board and then it comes back—depending on ticket sales and particular projects that it seeks to advance—to get top-up funding. Essentially there is a core amount of funding. That proved to be inadequate and so, in one year, it was funded both in deficit and then the higher amount was allocated to the next year. As individual projects come on, having regard to what ticket sales look like, the Motor Sport Board comes back to government seeking expenditure approval. Essentially, that is the explanation for the way in which it has bounced around in different years.

Mrs REDMOND: So, then, on what basis is the figure for this year of \$3,181,000 allocated, given that it was nearly \$9 million last year?

The Hon. J.W. WEATHERILL: There is a core amount of funding which is allocated and then, depending on the assessment of particular projects, there are bids made to government which are assessed on an ad hoc basis depending on the business case that is presented to cabinet. This is not uncommon for tourism-related projects. For instance, if you were to attract a particular headline act, which could be a very expensive proposition, a discrete business case is put up by the Motor Sport Board to government and then it is funded on that basis. That is the way things have traditionally been done in this particular area.

Mrs REDMOND: Is that \$8,976,000 then a gross figure?

The Hon. J.W. WEATHERILL: The \$9.211 million minus the World Solar Challenge funding of \$0.245 million takes it back to the number that you referred to of 8.976. That number is comprised of \$2.416 million of previously approved forward estimates, additional recurrent funding of \$4.070 million, deficit funding for 2011 paid in 2012 of \$1.630 million and additional capital funding of \$0.860 million, which is one of funding.

Mrs REDMOND: Can I dig down into that a little further? You said 'additional recurrent funding' so, again, I am a bit lost, because that was over \$4 million, you just said.

The Hon. J.W. WEATHERILL: Yes.

Mrs REDMOND: So if there is additional recurrent funding in excess of \$4 million, how do you then come to an estimate for this year that is only \$3,181,000?

The Hon. J.W. WEATHERILL: Perhaps if I just give you some idea about what that funding was for. They were described as recurrent costs, but it was for the 2012 event only, so I will just explain what they are: infrastructure build costs for demountable pit building and shade structures, \$1.78 million; offset decrease in index board estimates (so that is a revision of revenue for ticket sales), \$0.3 million; improved concerts, \$525,000; and increased staging costs and revenue assurance, \$1.46 million. I suppose it would better to call them operational costs rather than recurrent costs; recurrent suggest that they go through—

Mrs REDMOND: Exactly, yes. So, are you saying that they are not recurrent?

The Hon. J.W. WEATHERILL: No, not for the purposes of this budget, because they are costs associated with the 2012 event, not the 2013 event. It is an assessment on a project basis, factoring in previous event outcomes, new initiatives and projected ticketing and sponsorship revenues for the next event, so there will be a proposition put to us.

Ms BETTISON: With reference to Budget Paper 4, Volume 4, page 180, can the Premier provide details about the 2013 World Solar Challenge?

The Hon. J.W. WEATHERILL: The World Solar Challenge is what we referred to earlier. The World Solar Challenge is funded as a platform to showcase the state through innovation and education in new technologies in sustainable transport. Vehicles compete over the event's traditional 3,000 kilometre route from Darwin to Adelaide, finishing in Victoria Square. This has been a great success, with the 2011 event seeing 37 teams from 21 countries come to South Australia with associated media and supporters.

The 2011 event contributed more than \$7 million to gross state product (as determined by an independent valuation), \$14.2 million in national media, and 1,500 stories in global outlets. Support events included the Adelaide Green Zone Drive, which involved a series of public test drives supporting the state's low emission vehicle strategy, and the international LEVTECH conference, examining advanced automotive design clusters and opportunities for electric vehicle manufacturing in South Australia. This is obviously an event which has really captured the imagination of the South Australian community.

A new format in 2013 allows for the World Solar Challenge to remain true to its philosophy, inspiring the world's brightest young minds to engage in the whole green technology area. We have four classes: a Challenger class, for solar vehicles designed for efficiency; a Cruiser class, for solar vehicles designed for practicality; an Adventure class, for those that do not meet regulations under the Challenger class; and an Evolution class, designed for vehicles that have been designed, equipped or modified to show a significant reduction in environmental impact. Once again, we are using this to showcase our green credentials as a city.

Mrs REDMOND: Premier, with regard to the running of this year's V8 Supercars championship, it was suggested that, to keep the event in the future, it may have to be run under lights. Is this still the case and if so, how much would it cost to install lights around the track? Would that be an ongoing commitment, remembering that the current contract to hold the race runs out in 2015? Also, would the lights have to be temporary? In other words, would they have to be erected each year and dismantled, just like the rest of the system for the holding of the V8 Supercars?

The Hon. J.W. WEATHERILL: Thank you for that question. There is an ongoing discussion with Tony Cochrane, who proposed that the Clipsal 500 move to a night race format for 2013. The proposed format is one that obviously suits the interests of the V8 Supercar body, and there are potentially some benefits for us as a state. The Motor Sport Board has conducted a feasibility study into a night race, and there is no doubt that it would potentially provide some benefits in terms of increased viewership, and potentially some increased commercial sponsorship values, so we are looking at it carefully.

The advice that we have so far is that it would require a capital investment of \$12 million and an annual recurrent cost of \$3 million for the installation and dismantling of the lights. Obviously there is a financial issue about whether we can do that at the moment, but there is also the practicality about whether we could get that organised for the 2013 event.

We have not ruled it out, but at the moment it is obviously something that we would have trouble financing. I have heard suggestions of having some temporary lights at a lower cost. We have looked into that and it is not suitable to support the TV broadcast that would really be needed to make this work. So, it has not been ruled out but we certainly do not have the capacity to do it now and we certainly do not have the capacity or the practicality of being able to do it for the next financial year. Obviously there would need to be a lot of community discussion. There are potential spillover light effects for the nearby residents that would need to be grappled with. That is where it stands at the moment.

The Hon. I.F. EVANS: Has the advice to the government been that if they do not go to lights there is a risk that the event may go to later in the year, October or November, and not be the event kicking off the season as such?

The Hon. J.W. WEATHERILL: We always have to evaluate any risks associated with the event, and I do not think it has been specifically identified that there is a causal link between those two things. Ultimately it is a matter for negotiation with the body that runs V8 and Tony Cochrane in particular, and it really depends on the attractiveness of the event. This is a very attractive event not only for South Australia, obviously, but also for the V8 body. It is a great way to start the season. We are conscious that we do need to keep the ambition in the event to keep it attractive and fresh. Lights is one proposition; it is an expensive proposition. We are conscious of making sure that we do keep this event in its showplace. There are certain advantages in being first in the season. There would also be certain advantages in being last in the season. So, there are opportunities to be at either end of the season. They are all things that we are working through.

The Hon. I.F. EVANS: Isn't it true that the reason they want to go to a night race is because it opens up the European sponsorship market? Given that you are trying to re-badge the state, doesn't that actually open up the state to the European market for the event and aren't they putting to you that it will create more sponsorship and more income for the event, and of course more exposure for the state? Given that you are trying to re-brand the state, why are you not proceeding with it?

The Hon. J.W. WEATHERILL: I think that is a fair point. It is a real opportunity to reach a larger audience not just in Europe but indeed around the world. It would fit in neatly to some of the time lines for viewing audiences in some of the large car racing jurisdictions. We have to weigh that up. We have to weigh up the opportunities that are presented, together with the cost and the community impact of having night racing. They are all things we are looking at carefully.

The CHAIR: That closes off that part of the examination of the Department of the Premier and Cabinet, including \$113.059 million and \$20 million for administered items for the Department of the Premier and Cabinet.

AUDITOR-GENERAL'S DEPARTMENT, \$15,444,000

Witness:

Hon. J.W. Weatherill, Premier, Minister for State Development.

Departmental Advisers:

Mr S. O'Neill, Auditor-General, Auditor-General's Department.

Mr I. McGlen, Director, Audits, Policy, Planning and Research, Auditor-General's Department.

The CHAIR: I now declare the proposed payments open for examination. Do you wish to make any comments?

The Hon. J.W. WEATHERILL: No.

The CHAIR: Leader of the Opposition or member for Davenport?

The Hon. I.F. EVANS: I would like to ask the first question. Page 79 of Volume 1, Auditing Services, talks about an extra \$1.3 million increase in expenses due to the auditing of the new health arrangements. It then talks about that being charged back. The income on that page indicates \$1,000. I am just wondering where the charge-back is. I am not criticising the expenditure; I am just referring to the \$1.3 million. At what point is the charge-back?

The Hon. J.W. WEATHERILL: Can I invite the Auditor-General to answer that?

Mr O'NEILL: Thank you, Premier. As you would be aware, audit agencies are charged for the cost of audits, which are recoverable through audit fees. The costs of undertaking those audits, as you rightfully indicate, are recorded under auditing services and amount to about \$15.3 million. If we turn to page 86 of the estimates document, you will see where we have a financial statement of comprehensive income—Administered Items for the Auditor-General's Department—an income amount of \$14 million.

For example, the Auditor-General is charged under the Public Finance and Audit Act to undertake audits of agencies. The Public Finance and Audit Act dictates that those audits be charged an audit fee that is recoverable. The Auditor-General's Department assists the Auditor-

General in undertaking those audits. The costs of audits are a cost of the Auditor-General's Department, reflected in the statement of comprehensive income for the Auditor-General's Department. However, the revenue received as a result of charging for those audits is treated as an administered item. In other words, the Auditor-General's Department administers the recovery of those revenues, and those revenues are paid to the Consolidated Account.

So, we separate the costs of the Auditor-General's Department from the actual revenue receiving recovery activity of the department. That has been traditional, but the reason for that is that, although we seek to cost recover, cost recovery should not be the paramount principle for undertaking an audit. We undertake an audit to meet the statutory obligations of auditing an agency professionally. We seek to recover the costs, but it should not be the dictate of the audit.

The Hon. I.F. EVANS: Thanks for that answer. Is there a way they can be better presented, not that that is your issue? It is a budgetary issue, not an audit issue. It just seems to me that the net cost of the service is not actually \$15.6 million because you have recovered for the government \$14.8 million. The net cost of the service to the taxpayer is really \$1.2 million. Anyone reading these accounts in the way they are presented would think that it was costing you \$15.6 million to run the service.

The Hon. J.W. WEATHERILL: It is, because that is the cost whether it is paid by an agency or whether it is recovered from an agency and then charged and then a separate appropriation comes back to the Auditor-General. It is still going to cost that amount of money to deliver the particular service.

Mrs REDMOND: Referring still to that area of the budget, page 80, Prescribed Audits, did the Auditor-General have oversight of the process undertaken by accounting firm PKF to reconcile the health department's accounts and the work that other consultants or accounting firms do in health to assist with their accounts, and will audit be making a special report on this in the 2011-12 report?

The Hon. J.W. WEATHERILL: The way the Auditor-General carries out the work is to review things at the end of the process, it does not involve itself in an agency decision to engage accounts. It provides helpful advice, but only to the extent that it does not detract from the ultimate result of auditing independently the accounts at the end of the exercise. It does not involve itself, if you like, in pre-approving steps that are taken by agencies to deal with their financial issues one way or the other. It is there to provide helpful advice but it will not involve itself in detail in those particular decisions by agencies.

Mrs REDMOND: Do departments have an obligation to advise the Auditor-General if they are struggling with their accounts or having to get people in to oversee their accounts?

The Hon. J.W. WEATHERILL: I think what happens, as a matter of course, is that agencies tend to do that so as to maintain good relations with the auditor and also to help the audit process ultimately proceed in an orderly process at the end of the matter. There is some capacity for particular matters to be referred to an audit, but generally speaking the audit process occurs at the end and looks back retrospectively on what has happened and then makes judgements about that. It is not called in as a consultant to assist in relation to particular financial issues that might arise within an agency.

Mrs REDMOND: Does that make the answer no? What I asked specifically was: do departments have an obligation?

The Hon. J.W. WEATHERILL: No, they do not have any specific obligation but they tend to do it as a matter of course in terms of the cooperative relationship that exists within government and the Auditor-General's office.

Mrs REDMOND: Do you anticipate the health accounts coming in on time in the next year; that is, for 2011-12 (the year we are just finishing), and being included in the 2011-12 audit report to parliament, or is it likely to be late again, and do you have any knowledge of any other agencies that might be late with their accounts?

The Hon. J.W. WEATHERILL: I think the Auditor-General would expect, as would I, that they would meet their statutory obligation to report on time. I do not think we are aware of any circumstances that should alter that, although that is a matter that might best be directed to the Minister for Health.

Mrs REDMOND: Does the Auditor-General expect to do another report on Shared Services in the 2011-12 audit report, in particular on the achievement of Shared Services savings

and the status of the ICT portion of Shared Services, with Treasury now doing its ICT work within Treasury rather than within Shared Services?

The Hon. J.W. WEATHERILL: Yes.

Mrs REDMOND: Still on that same page, at the second dot point:

Identified and undertook certain reviews of specific issues of importance and interest in the public sector, aimed at improving processes and/or maintaining accountability in public sector agencies.

What were the main reviews that were undertaken and what improved processes and accountability came out of it?

The Hon. J.W. WEATHERILL: I will ask the Auditor-General to answer that.

Mr O'NEILL: Essentially, those reviews covered procurement-related matters (State Procurement Board, some agency procurements), the matter of telecommunications management within government and covering three related agencies (South Australian Water Corporation, Department of Health, Attorney-General's Department), issues associated with the Shared Services agency, and information technology systems developments and implementations. That will continue. A number of those are in progress this year.

Mrs REDMOND: That is fine: you do not need to remember any more.

Mr O'NEILL: And some other issues that are in progress, but there is a number of specific focus reviews. For instance, the Adelaide Oval redevelopment act was enacted during 2011-12, with a specific reporting obligation and we produced a report to parliament for the first six-monthly period of the construction activity of the Adelaide Oval redevelopment. Also, you would be aware of the tender probity processes associated with the awarding of the metro bus contracts, and we are moving on to have a look at the aspects of contract management of that, so that will form a specific focus review on an outcome for 2012-13.

A number of reviews have been undertaken and commenced and they will continue, and new reviews are in progress. For example, a recent announcement was made on the fleet management tender outcome and I have already initiated the commencement of a review of that process. Certain reviews have been undertaken. Some will continue, like Shared Services. We will continue to review and report on activities of that enormity. There are enormous information technology developments still underway—the EPAS system in the Department of Health and the second element of the rollout of the Oracle system. There will be a continuation of the review focus in respect of that and certain other matters of procurement, for example, fleet management.

Mrs REDMOND: Given that focus on looking at those systems and given that the new independent commission against corruption, when it starts, is going to have that as one of its focuses, is it anticipated that you will work in close conjunction with that independent commission against corruption in trying to identify problems before they arise so that possibilities for corrupt conduct on the part of public servants or agency employees can be avoided?

The Hon. J.W. WEATHERILL: I think the whole intention of this apparatus that we are creating is that there is a range of public integrity bodies (which include, obviously, the Auditor-General) and a number of existing institutions that will continue to work closely together, together with the independent commission against corruption. That is something that the parliament, I am sure, and certainly the government, expects to happen, and the Auditor-General was certainly prepared to cooperate in that arrangement.

Mrs REDMOND: Mr Chair, I will conclude by reading into the record the omnibus questions, if I may.

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

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

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

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

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

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

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

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

The CHAIR: There being no further questions, I declare the examination of this proposed payment completed. I thank the Premier, his advisers and members.

[Sitting suspended from 16:06 to 16:21]

ATTORNEY-GENERAL'S DEPARTMENT, \$89,409,000

ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$43,344,000

COURTS ADMINISTRATION AUTHORITY, \$87,507,000

ELECTORAL COMMISSION OF SOUTH AUSTRALIA, \$3,122,000

Membership:

Ms Chapman substituted for Mrs Redmond.

Mr Marshall substituted for Mr Whetstone.

Mr Pisoni substituted for Hon. I.F. Evans.

Witness:

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Planning, Minister for Business Services and Consumers.

Departmental Advisers:

Chief Justice John Doyle, Courts Administration Authority.

Mr G. Thompson, State Courts Administrator, Courts Administration Authority.

Mr S. Matters, Director, Corporate Services, Courts Administration Authority.

Mr T. Pearce, Manager, Finance, Courts Administration Authority.

Mr M. Church, Manager, Management Accounting Services, Courts Administration Authority.

The CHAIR: I declare the proposed payments open for examination. The estimates committees are a relatively informal procedure and as such there is no need to stand to ask or to answer questions. The committee will determine an approximate time for consideration of proposed payments to facilitate changeover by departmental advisers. I ask the Attorney-General and the lead speaker of the opposition to indicate whether they have agreed on a timetable for proceedings in this session?

Ms CHAPMAN: Yes, sir.

The CHAIR: Changes to 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 Attorney-General undertakes to supply information at a later date it must be submitted to the committee secretary by no later than Friday 21 September 2012. This year the *Hansard* supplement, which contains all estimate committee responses, will be finalised on Friday 12 October 2012.

I propose to allow both the Attorney and the lead speaker the opportunity to make opening statements of up to 10 minutes each, if they wish. A flexible approach will be given to asking questions based on about three questions per member alternating each side, but either side can actually surrender their questions if they wish to do so. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may, at the discretion of the Chair, ask a question.

Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*. There is no formal facility for the tabling of documents before the committee; however, documents can be supplied to the Chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applied in the house, that is, that it is purely statistical and limited to one page in length. All questions should be directed to the Attorney-General, not his advisers. The Attorney-General may then refer questions to advisers for a response. I now open the lines for examination.

The Hon. J.R. RAU: I just want to say a few things about, particularly at this point, the Courts Administration Authority. First of all, I would like the opportunity to place on this record my sincere appreciation of the great work that the Chief Justice has done for not only the Supreme Court but the Courts Administration Authority and through his work for the whole of the South Australian community over 17 years. As members present would be aware, the Chief Justice succeeded the Hon. Len King as leader of the court and, of course, Chief Justice King had previously been justice of the court and before that an attorney-general of South Australia.

I think I am right in my understanding that the Chief Justice is only the eighth person since the commencement of the court in South Australia to have held that office, and he has held that office with great distinction. I think it is probably also appropriate at such a time as this to reflect on the great changes that have occurred in our community during Chief Justice Doyle's tenure. The world today is a very different place to the way it looked to all of us 17 years ago. I can say, speaking for myself at least, that I looked very different to the world 17 years ago, but these things happen.

It is also important for us to reflect on the fact that one of the great legacies that Chief Justice King gave to South Australia, and which is something that has been developed and refined by Chief Justice Doyle, is the quite novel, completely independent role of the Courts Administration Authority from the executive arm of government. I think it was a very far-sighted idea that Len King had some time ago to take this step. It is one that others have not been able to achieve, although many have thought about it.

As recently as last year or so the new Attorney-General from Victoria has been visiting South Australia and speaking to the courts administration staff, because Mr Clark is very interested in the model and he is interested in seeing whether the Victorian courts can gain some enhanced independence and authority by looking at the way things have been done here in South Australia; so, it is recognised by other states in the commonwealth.

It means that the Courts Administration Authority does not actually sit under the Attorney-General's Department in the way that other agencies do. The effective head of that authority is, of course, the Chief Justice who, in addition to writing judgements, managing his court and various other duties relating to being Chief Justice, finds time to manage the whole court system as well, which he has done again with great distinction.

I really do want to take the opportunity of placing on the record my sincere appreciation, Chief Justice, of your efforts. I guess you are going to be saddened by the fact that this will be your last estimates committee appearance.

Chief Justice DOYLE: Deeply saddened.

The Hon. J.R. RAU: This is another novelty about the South Australian situation; that is, unless I am mistaken, Chief Justice Doyle is the only of his brethren in the commonwealth who has

the joy of being able to attend events such as this, and that comes by reason of his quite special independent standing as the head of the courts as distinct from something that sits under the Attorney-General. So, as I said, I know that one of your regrets (and I know that you have a few) will be not being able to be here next year.

With those few words I wanted to acknowledge and pay tribute to the Chief Justice, and say how delighted I have been to have had the opportunity of working with him for the last couple of years and of having the benefit of his very wise counsel on many matters.

The CHAIR: I am sure your comments are echoed by all members of the committee as well.

Ms CHAPMAN: If I may, I want to express on behalf of the opposition our appreciation of the service of the Chief Justice, given that this is his last occasion to present to the committee. His contribution to the judiciary, to the appeal processes at the most superior of courts in South Australia, as well as other community interests, are well recognised. Little known, of course, is the extraordinary load in relation to administration which, as the Attorney has pointed out, is significant, and which we appreciate.

The 17 years of contributing advice to this committee, and therefore to the parliament and the people of South Australia as to appropriate reforms and priorities, has been valued. Although it has taken 17 years to get to open the file on a new court building, I just place on the record that, whoever is in government in the next 10 or 20 years, hopefully when this comes to fruition, the Chief Justice will be suitably recognised. I do not mean by just a room, as Justice Kemerer Murray insisted on having for the federal courts building, but in proper recognition of his contribution. Let this be on the record that that should be appropriately acknowledged in due course.

Turning to my questions, has the Attorney received the omnibus questions in any other portfolio at this stage?

The Hon. J.R. RAU: No, I have not.

Ms CHAPMAN: I will briefly go through those so that they are on the record, if I may.

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

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

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

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

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

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

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

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

I appreciate that the Attorney will take those on notice.

The Hon. J.R. RAU: Yes, I cannot summon the answer to all of those right at the minute, so I will take them on notice.

Ms CHAPMAN: I now refer to the courts precinct scoping study, a budget measure at page 14, which I referred to briefly earlier. The Budget Measures Statement indicates the government's allocation of \$300,000 towards the undertaking of a scoping study for the development of the new courts precinct. Attorney, last year the committee received evidence from the Chief Justice suggesting that it would cost between \$500,000 and \$700,000 to undertake a comprehensive study of this nature.

I note also in this year's budget, which you, Attorney, may be familiar with, that \$250,000 was allocated for a relocation business plan study to relocate the institute of sport—that is, as an existing concern—to another location on its own. That is just one activity. Last year your government announced a business case for the relocation of the core library, which of course is where all the rock and soil samples are retained and warehouse-stored and available for inspection.

That is in my colleague the member for Unley's electorate now; it used to be in mine. It is an interesting place to visit, actually, but basically it is a storehouse of samples from drilling rocks and soil from the 1800s. For those who are interested in rocks, it is a very interesting place. To relocate that library, last year the government announced \$500,000 for a scoping study to relocate the rocks to another place. This year, on page 70 in Budget Paper 6, a further amount of \$760,000 and another \$200,000 are to be spent, so their scoping study, together with some design elements, is now \$960,000.

My recollection is that, during a parliamentary sitting, you had indicated that you were looking toward a scoping study around \$600,000, so I am puzzled as to why there is only \$300,000. Could you just explain to the committee what the terms of reference are going to be for this scoping study, including whether it is to examine all South Australian courts being relocated or just those in the Adelaide CBD?

The Hon. J.R. RAU: Thank you for that question. There is obviously quite a bit in that question, and I am not really in a position to reflect on whether the figures quoted for the core library and for other things are accurate or not. I am not suggesting they are not, but I just do not know. Nor do I know whether we are comparing apples with apples or cores with courts, so I think I might leave that aspect of it to one side.

The process basically is this: it is intended that we speak predominantly of course with the Supreme Court—and that would be the Chief Justice, Mr Thompson and others—and come to some understanding from them as to what their requirements might be. As the honourable member would be aware, there are many variations that can occur within that theme.

For example, a civil court has far simpler requirements in terms of physical requirements than a criminal court. In a criminal court you would need to be, for example, separating the access points for prisoners, members of the public and judges. There would need to be facilities provided for the safekeeping of prisoners in the court precinct somewhere, so a criminal court is a much more complex beast than a civil court.

In my thinking about the matter, a fundamental understanding of what is required by the court to be able to discharge its function is a starting point for process. That would include discussions with the court about the sorts of technology that would be suitable for a 21st century court, and I assume, in that regard, they might invite me to go across the road and have a look at another building on Victoria Square as a bit of a hint as to what might be in their mind's eye.

There are other issues about the physical size of courts. They do not routinely fit into the standard floor space that would be expected for, say, an office building or something else. You would routinely have the courts perhaps being twice as big in terms of the size of the room required. So, there are a whole range of things that we need to talk to the courts about and fully understand. That is one area.

The second area is that I think we do need to have discussions, again, initially and predominantly with the Chief Justice and Mr Thompson, but ultimately perhaps with others, about whether other court facilities could or should be collocated. I presently do not know the answer to that question, because we have not explored that question. There may be very good reasons as to why the District Court, for example, should remain a completely separate physical presence. There may equally be very good reasons as to why they could be happily collocated, and that might work well for both.

There is a great deal that needs to be discussed, and a great deal that we need to actually put together to be able to take any further useful step about this court project. At the moment, everyone can tell you what some of the questions are, but nobody really has any of the answers, because they are things that have not been teased out. I do not know, Chief Justice, whether you or Mr Thompson would like to add anything to those remarks.

Chief Justice DOYLE: I could just briefly add my perspective. We have a large site there, bound by Mill Street, Mill Street, King William Street and Gouger Street; much larger than the Supreme Court would ever need. It is a prime site in terms of the city centre and Victoria Square. The Supreme Court, as we all know, is badly in need of renovation, and it seems logical that you would take the opportunity, because of the size of the site, to grapple with some other problems; e.g., an overall shortage of criminal courts. So, that causes us to look at the accommodation of the District Court.

We have the Youth Court down in Wright Street, again which is separate, and there could be efficiencies through bringing that to the same site because you would only need one set of security. So, there are issues such as the capacity of the District Court to provide the number of criminal courts it needs, and efficiency through perhaps moving small courts onto the same site.

So, it starts with the Supreme Court, but the nature and size of the site quickly make you realise that this is truly a once-off opportunity, and also an opportunity to turn the site (the rear of which is a bit desolate) into something that would really complete the development of Victoria Square.

As to the \$300,000, lawyers can hardly criticise, but just how far that will go with consultants and so forth remains to be seen. But, without wanting to be pessimistic, I would be surprised if you could do all of the scoping and planning you need to do for that amount. We have done quite a bit, so it is not as if we are starting with a clean slate. So I would see this as a substantial step along the way but unlikely to get us all the way there in terms of planning.

Ms CHAPMAN: Attorney, regarding the scoping work that has been done to date—and I think Justice Bleby was involved in doing some work at one stage on this exercise—how much have you been made privy of current work investigation on this issue?

The Hon. J.R. RAU: I am not sure I can answer that because I am not actually aware of what work may have been done. I have certainly had conversations with the Chief Justice and Mr Thompson about this issue. In fact, if I recall correctly, it is something we talk about once a month on a Monday morning. So, we have talked about it frequently, but whether in the course of those conversations I have been made familiar with all of the material that has been collected, as the Chief Justice referred to a moment ago, I am not sure. Perhaps the Chief Justice or Mr Thompson can add to that.

I am not aware of anything in particular that has been drawn to my attention, or at least I cannot recall anything in particular drawn to my attention related to Justice Bleby's work. I do not have any recollection of anything in that way. I do not recall anything of that sort. I do not know if either of you gentlemen can add anything to that.

Chief Justice DOYLE: Over the 17 years, probably starting about 15 years ago, at various times different attorneys have said to us, 'Well, give us an idea of what you want,' or we have said, 'We are working on what we want.' I do not myself actually remember Justice Bleby being involved, but he may well have been, because when I was cleaning out my office I found I had a cupboard full of various reports, plans and proposals. So, it is quite possible that he was involved in one, but none of them have gone very far.

As I said, sometimes we initiated them saying, 'This is what we need. Can we get funding to take it further?' and the answer always was no. On other occasions an attorney has said, 'Well, give us an idea of what you need and what money you want.' We have done that and then, again, the answer was, 'Well, the money isn't there.' So, there have been a lot of false starts. I think it is also fair to say that in that time our own thinking has changed, in that we now are thinking not only of the Supreme Court but of a unique site that we must now put to the best possible use, trying to look ahead 50 or more years. We have gone from thinking about what the Supreme Court needs to thinking about what all the courts of the state need because, as I said, it is a unique site and we have to make sure we use it in the very best way.

Ms CHAPMAN: Attorney, was the scoping study generally done to cover which courts are to be in the new facility, and is it looking at doing that at the Victoria Square site? Is that your understanding?

The Hon. J.R. RAU: Yes, in the sense that, yes, we are talking about the site to which the Chief Justice has just referred. Secondly, at least as far as I am concerned, and I think as far as the Chief Justice is concerned, we are open minded about what configuration of the current courts, which are dispersed around the city, might be consolidated on that spot.

Part of the purpose of the study is to ascertain what will work and what will not work, or at least to form a view about that. To move on to any further stage about being able to consider preparing any sort of tender document or anything down that track, one needs to know what one is asking for, otherwise you do not get anywhere.

So, yes, that site is the prime consideration. Yes, there are discussions and thoughts being exchanged about what level of consolidation might occur on that site. That is really something this scoping study is intending to bring together into more of a concrete proposal.

Picking up again on the comment I made originally and the comment that the Chief Justice made, that in turn feeds into things like how many criminal courts will be required on that site, which then feeds into what sort of prisoner accommodation will be required on that site, do you need sally ports and how many sets of lifts do you need? There are questions about multiple registries and multiple libraries. There are a whole array of issues that come out of that which do need to be worked out. We are never going to be in a position to seek ideas from the marketplace to solve our problem if we have not defined what our problem is.

Ms CHAPMAN: When do you expect to have a proposal ready to go to tender to undertake the scoping study?

The Hon. J.R. RAU: I think it is fair to say that it is a bit early yet for me to give an answer with any confidence. All I can say is that we are in communication with Mr Thompson, in particular, who is the main executive officer involved, and it is our intention to put together a group of people, which would include the chief justice, Mr Thompson, and I expect there would be representatives certainly from the District Court in that mix who would then start to firm this up. That is in progress, but it has not advanced yet; after all, we are still talking about the budget now.

Ms CHAPMAN: Given that last year it was \$500,000 to do a business case just to relocate rocks and given that you have had advice previously (from evidence given to this committee) that \$500,000 to \$750,000 is more in the range, if that order of money is required, is that something your department would favourably support in a submission to the Treasurer to ensure that we can progress this?

The Hon. J.R. RAU: I am not sure what line in the budget we are on now, but I think I would have to say that that is a hypothetical. Let us cross that bridge when we come to it, if we come to it.

Ms CHAPMAN: I refer to Budget Paper 4, Volume 1, page 165. The 2011-12 budget listed \$1.3 million in investment over two years for repairs to the Sir Samuel Way Building facade. Why have these repairs been delayed?

The Hon. J.R. RAU: I am advised that, in relation to the Sir Samuel Way Building, cracking to the facade was identified, which led to a detailed conservation management plan being completed for the building in November 2006. The plan identified issues and provided a guiding document for the repair and conservation of the building but did not specifically identify the risk of the structure. To identify the potential risks of the facade, the Courts Administration Authority, through the Department of Planning, Transport and Infrastructure Building Management, engaged the services of Connell Wagner to undertake a risk assessment. The report concluded that the facade represents a risk in its current form and recommended that repair work commence as soon as possible.

The Courts Administration Authority has made a number of budget bilateral bids in order for remedial work to be undertaken. As I understand it, capital funding of \$1.280 million was provided over 2011-12 and 2012-13 to commence the remedial work on the facade. I am also advised that DPTI Building Management was engaged to project manage the work, and consultants were engaged and commenced preliminary inspections and investigation of repair works with the assistance of a specialist concrete repair contractor to determine the broader scale repair techniques.

The Courts Administration Authority has implemented an interim risk management to address the existing risks. As I understand it, the process is underway. It is, in effect, at a stage where experts are working out exactly how to deal with the problem, and it is expected that the problem will be dealt with. Exactly when we are expecting works, I am not sure. I am advised it is

anticipated that the tendering process would occur in July or August of this year, with the expected works to be done over the Christmas period when things are a bit quieter in the courts.

Ms CHAPMAN: This all relates to repairing the cracks, consistent with the risk assessment you have described, Attorney, but in last year's annual report the following statement was made at page 4:

The Sir Samuel Way Building, occupied by the District Court, is in need of a major upgrade. The council has been unable to obtain funding support for this.

I hear what you are saying about advancing the repair work, which was delayed for the reasons you have explained but is apparently on its way, but there is still no funding for the balance of this upgrade work. Is that going to be part of the new scoping study?

The Hon. J.R. RAU: In relation to the Sir Samuel Way Building, just to make it clear, the repair works presently going on there are intended to rectify perceived safety risks and they are being dealt with in a timely fashion, having regard to the nature and extent of those risks. In relation to the more substantial refurbishing, if you like, particularly of the interior of the building, there is presently no budget allocation for that.

There are a couple of points to be made about that. The first point is that the building is not the property of the Courts Administration Authority. It is also the case that, harking back to our earlier discussion about the scoping study, if it transpires that the best way forward is for the District Court to be co-accommodated with the Supreme Court in a new facility, then it would be perhaps unwise to be spending money on a refurbishment of the Sir Samuel Way Building at this point in time when that building does not have a long future life as a court, if indeed it does not.

Ms CHAPMAN: Except, Attorney, even if we move and advance the relatively low pace of undertaking the consultation for a scoping study, and that all takes two years, we are looking at least a 10-year-away project (conclusion time) for any dedicated facility. How can you say that an upgrade of the Sir Samuel Way Building can last, in its current state, until a purpose-built facility is scoped, designed, built and furnished?

The Hon. J.R. RAU: I do not think I am saying that. I am advised by Mr Thompson that it is not as if nothing is happening inside the building. The Courts Administration Authority has, within its own budget, been able to do things; for example, refurbishing the registry, building a couple more chambers within the existing structure, some re-carpeting, and so on. So, it is not as though nothing is happening. But if what the honourable member is talking about is a complete makeover, or something of that nature—

Ms CHAPMAN: It just says in the report, 'in need of major upgrade,' whatever that is.

The Hon. J.R. RAU: And, indeed, I have had directed to my attention the fact that there has also been an expenditure of \$193,000 to upgrade lifts—

Ms CHAPMAN: For prisoners?

The Hon. J.R. RAU: —for prisoners within the courts. So, money is being spent there, but I think it would be prudent for us to work out where we are going in the future before we were to indicate a commitment to major expenditure there.

I am also advised that part of the comment there was directed towards the question of fitness for purpose, as opposed to mere dilapidation, and the fitness for purpose point is something that would be, presumably, addressed in any global solution to the superior courts issue.

Ms CHAPMAN: At page 165, again I am still referring to the portfolio, on the investing expenditure or capital work, the southern community justice court was abandoned as part of the Mid-Year Budget Review. What are the outcomes of the community consultation on the establishment of the court and what alternative strategies are now being pursued to deliver those outcomes?

The Hon. J.R. RAU: Yes, it was abandoned as part of the Mid-Year Budget Review. There were consultations that occurred and I think they were useful. There was feedback that came through that process that has probably been of value to, certainly, the Magistrates Court. I am not sure that I can answer in any greater particularity about that.

Ms CHAPMAN: Do you know if any of the services for that court have been allocated to any other facility to undertake?

The Hon. J.R. RAU: That court was, in the form it was proposed, never constituted. Just so it is clear, what was contemplated was that in the southern districts there would be this community justice court. The most likely way in which that would have developed would have been to utilise an existing facility but create an additional function within that facility, and that would have required some modest capital works and it would have required substantial input in terms of personnel—incidentally, not just from the courts, probably. So, it is not as if something was there and it was decommissioned. It didn't—

Ms CHAPMAN: Didn't get started.

The Hon. J.R. RAU: It didn't get commissioned in the first place, yes.

Ms CHAPMAN: Referring to page 165 in the budget paper, the Courts Administration Authority annual report at page 4 also states for 2010-11:

During the year ending 30 June 2011 the Council has implemented the reductions in staff numbers required to meet the savings target imposed with effect from the year ending 2010. It expects to meet the target for later years...

It was disappointing for the Council to find that the government imposed further reductions as part of its budget statement for the year ending 30 June 2012. Although these are not to be implemented immediately, it is disappointing that they came with no prior warning and without any opportunity to discuss the impact of the further reductions on the work of the Authority. The impact of these further reductions is still under consideration. They are not as substantial as the previously announced reduction.

My question is: was there consultation with the Courts Administration Authority before the workforce levels for this year and the forward estimates were set?

Chief Justice DOYLE: I am happy to answer. I think the answer is no.

Ms CHAPMAN: What have been the staff reductions for each of the financial years since 2009-10?

Chief Justice DOYLE: I could not answer that myself, off the cuff. The administrator probably can.

The Hon. J.R. RAU: Perhaps if Mr Thompson answers that.

Mr THOMPSON: I can tell you that, since the budget cuts were imposed, the Courts Administration Authority to date has reduced its staff by 52.1 FTE. However, in saying that, it has since now put back five positions because of workloads. Although when we reported that we were on target to meet the budget cuts, we are now behind that target.

Ms CHAPMAN: By how many?

Mr THOMPSON: By the five positions.

Ms CHAPMAN: With respect to the forward estimates, and I am looking at page 13, the budget measures suggest savings initiatives, FTE savings, in dollar terms as described here for the years 2013-14, 2014-15 and 2015-16. Could you identify how many FTEs we are talking about to achieve that?

Mr THOMPSON: The budget cuts in 2013-14, that is, the FTE savings initiative, will be 10.6 FTE for that year. There is an efficiency dividend which nominally adds another 2.9 FTE to that savings initiative, and, as in the budget papers, that process continues through to 2015-16 which accords with the budget papers.

Ms CHAPMAN: How many for that year, 2014-15?

Mr THOMPSON: For 2014-15 it then goes to 23 FTE under the staff savings initiative. The efficiency dividend increase nominally goes to 5.8 FTE. In 2015-16 it goes to 35.4 in staff, and in FTE savings efficiency it is another 8.7 FTE.

Ms CHAPMAN: The annual report at page 4 also states:

To the extent that we have been able to avoid reductions in service levels, that has been due to the efforts of our staff, but I anticipate the council will have real difficulty in meeting the further reductions. I believe that the council has demonstrated to the government in the course of the work of the Sustainable Budget Commission that there is no room for cuts without adverse effects on services. Those adverse effects will be felt by the people of the state who deal with the courts and by the judiciary.

Have any services been terminated or curtailed due to those savings targets in 2011-12?

Chief Justice DOYLE: I can answer in the broad. There have not been any yet, but, as I will be saying on Friday morning, we are at the point where we believe that is the only way of meeting the required FTE reductions. In the last year we managed to meet it in the traditional way—cutting and snipping here and there. Our belief at the moment is that, looking ahead for the next couple of years, the only solution appears to be reduction in services rather than just snipping and trimming here and there.

Mr THOMPSON: Could I just add to that? There have been some actions, of course, that we had to take in relation to the budget cuts, and that was that we took staff out of Ceduna, Coober Pedy, Kadina and Naracoorte and operated those courts as circuit courts but not staffed. We have also carried out quite a lot of restructuring within our corporate services areas and tried to amalgamate as much as we possibly could within those areas. We have also operated on just simply not filling vacancies as they have been occurring at different times. To add to the Chief Justice's point, we believe that we are now at the point where there is no activity left and services will need to be looked at.

Ms CHAPMAN: Whilst I appreciate from that that you are down to the bone, as such, you have provided me with these figures: 10.6, 23, 35.4, together with up to 8.7 in the outgoing year. That is a lot of people, and this is already there. What services that are proposed will need to be either reduced or discontinued?

Chief Justice DOYLE: That is something I think the council, in conjunction with the heads of jurisdiction, will have to decide. Meetings have already been arranged. It is an awkward time with me going, but I urge the council to set meeting dates so that this process can be commenced as soon as my replacement arrives. I would expect in July, August and September the council will have a very difficult task of identifying services that can be terminated and which will result in the sort of FTE savings we have to make, which are very substantial. Anything is hypothetical.

I will just give a hypothetical. Say we said the District Court will not circuit anymore to Port Augusta. That would save money but it does not stop the cases in any way; it just means the cases that would be heard at Port Augusta have to be heard in Adelaide. What it might do is shift some added costing into the DPP and the police. So, we save some money: they incur extra expenditure. These are the difficult sorts of questions we have to work through, namely, what is feasible to stop doing and, secondly, will that actually save the state money or will it just transfer costs from us to someone else. These are very difficult questions.

We have engaged a very experienced consultant to assist us with this process and to work through the process over a series of meetings with council and its senior staff. However, as I said, I will be saying on Friday morning in my farewell speech that I think we are at the point where it has to be cuts in services. I suppose if you use the analogy of a hospital—shutting a ward or an operating theatre—we have to think the same way. That is the only way we can meet these cuts.

Ms CHAPMAN: It is concerning in itself. Of course, there is a new era about to come, including your retirement, Chief Justice. Officially you only have a few more days in office and there is a lot to tidy up in that time. Given your experience, is there any provision for you to be available to be consulted on both this issue and on the courts for the 21st century project?

Chief Justice DOYLE: No problem at all. I would be happy to help, but I would not want to, as it were, hang over the shoulder of my successor, because the decisions that are made are decisions that he or she will have to live with. It becomes easy for me to express views—well, you know, confrontational views, because I do not have to see it through, but I would be more than pleased to offer any insights or assistance that I can. I will certainly will be doing that for my successor.

The CHAIR: The next question is probably the last one for this section, and then we will move on to the Electoral Commission.

Ms CHAPMAN: I have some questions in relation to penalty management services. I note in the budget there is \$555,000 allocated, on page 165, for fines enforcement. We will see what that produces in due course. On the penalty management services there was a Dun & Bradstreet pilot project to collect unpaid penalties. I note there has been a significant fall in the percentage of fine-paying warrants executed, from 43 per cent actual in 2010-11 to 35 per cent estimated result 2011-12. Last year the target for execution of fine payment warrants was lowered from 60 per cent to 45 per cent yet the estimated result is 35 per cent. All these indicate very significant reductions. Is there some explanation for these figures?

The Hon. J.R. RAU: I suppose the simple answer is that people are not paying their fines, but that is probably—

Ms CHAPMAN: Did the Dun & Bradstreet pilot project come up with any ideas or recommendations?

The Hon. J.R. RAU: I can tell you a little bit about that. First of all, the idea with Dun & Bradstreet was to select some of the most intractable debt—intractable in terms of courts officers being able to recover that debt—and in effect give a private sector debt collector the opportunity to see whether they could do any better with that debt. The tender was let, ultimately to Dun & Bradstreet. I think it is fair to say that it is in progress but is not yet at a point where we are in a position to evaluate the outcomes; I think it is presently far too early for there to be outcomes. So it is not at a point in its development where there is much we can glean from that.

I have some information here that might be of some assistance. For 2011-12 the estimated average collection rate—that is, lodgement less amounts finalised by way of an alternative penalty—remitted by court order or reversal compared to receipts during that period was 74 per cent compared with 67 per cent for the previous year. The percentage of warrants executed in 2011-12 is estimated at 35 per cent, which is a decrease of 8 per cent on the 2010-11 actual and 10 per cent variance to target. This decrease in percentage of warrants executed is a result of sheriffs' officers having increased difficulty in locating people based on contact information available.

If I can just digress at this point, one of the many conversations we—and when I say 'we' I mean all states and territories—have been having with the commonwealth is about greater sharing of information regarding, in particular, the whereabouts of people. The commonwealth has a number of databases that we do not—whether it is the tax office or the social security people or whoever it might be. Obviously we are not particularly interested in knowing anyone's information from those databases other than discovering where they are. So all the states have been raising this matter with the commonwealth and the commonwealth has undertaken to have a think about it. I am not anticipating their thinking will be concluded quickly, if past commonwealth responses to this are anything to go by; nonetheless it has been taken up.

I should say that part of the experiment with Dun & Bradstreet is to see whether the private debt collection service is able to produce a better solution to this problem of people who are difficult to locate. Anyway, it is estimated that the number of fines imposed and expiation notices lodged for enforcement will be 263,843 in 2011-12, a decrease of 12 per cent on 2010-11 actual. The variation in lodgements is impacted by factors affecting issuing authorities. The majority of matters lodged for enforcement with the CAA arise from SAPOL and local government bodies. These are typically, for example, people who have had a speeding fine and not paid it or they could be traffic infringements issued by a local government authority which have gone unpaid and they wind up in this stream.

Ms CHAPMAN: I suppose it is a bit early yet to say, Attorney, so I will not ask you for further data on that until the pilot is completed, but I will ask you this: if the pilot is ultimately assessed as being more successful at finding and recovering from, presumably, smarter evaders, would you support an expansion of that enforcement role to the private sector?

The Hon. J.R. RAU: Again, it is a hypothetical, but I can tell you something that is a fact and it is something that I have made public comment about on a number of occasions for quite some time now. I have had concerns about the level of unpaid fines. I have had concerns not about the competence or the enthusiasm of courts admin staff but about the toolkit that they have had to work with in collecting unpaid fines.

I have had my department doing some work in conjunction with the courts on looking at a whole range of measures that might see us having a more effective and probably more aggressive, in some respects, approach to the recovery of fines. That is, however, a particularly complex exercise because, as the honourable member would be aware, there is to some degree within the system a convertibility between a fine and, for example, community service or a fine and some other form of penalty.

It is not simply a matter of being able to pick up the fine problem and address it in the same way that one might address, for example, a simple private debt that a person might have. It is a complex problem, but my intention is that within the next six months—probably sooner than that—we should have some clarity about how we are going to proceed with that and at that time exactly the model and the changes that we would be advocating will be publicly discussed and available. At this stage, those matters have yet to be completely resolved.

Ms CHAPMAN: We will deal with it next year. Thank you very much, and thank you to the Chief Justice.

Chief Justice DOYLE: Mr Chairman, might I just thank the Attorney and Ms Chapman for their kind remarks. Could I just make one other observation: the discussion we have been having over the last hour is the sort of discussion that the CAA and the courts would be pleased to have all day. You may find that surprising, but a lot of important issues affecting the public interest are decided, in effect, by a discussion of an unusual type between Treasury, the CAA and the Attorney-General's Department, and we get very few opportunities to have a discussion like this, where we can expose those issues, talk about them and get some input from the people's representatives—the members of parliament.

This kind of discussion is actually helpful for us and, as I said, I wish in a way we could keep going to midnight and pursue these issues further and further, because issues such as what we do with the Victoria Square site are very important public issues. Unfortunately—and this is not a criticism of any particular government—the way these issues tend to get decided is by various silos talking to each other, but we never get a chance to engage with the public at large, so I find this sort of process very helpful.

The Hon. J.R. RAU: Again can I just say briefly, in conclusion, I really do appreciate the Chief Justice's contribution over many years, although I am now starting to become a little fearful as to what he might be saying on Friday. I think you speak after me, don't you?

Chief Justice DOYLE: I do; I have the right of reply at the end.

The Hon. J.R. RAU: That's not very good. I am starting to worry.

Ms CHAPMAN: Long may that prevail.

The CHAIR: Thank you for those comments, Chief Justice. I declare that examination closed and we now move on to the examination of the Attorney-General's Department.

Departmental Advisers:

Mr P. White, Acting Chief Executive, Attorney-General's Department.

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

Mr T. Anastasiou, Manager, Business and Financial Services, Attorney-General's Department.

Ms V. Santo, Principal Adviser, Budgeting, Business and Financial Services, Attorney-General's Department.

Ms T. Brooks, Principal Accountant, Treasury and Parliamentary Reporting, Attorney-General's Department.

The Hon. J.R. RAU: I would like to make a couple of brief remarks at the outset. In the role of Attorney, I have attempted to continue a fairly comprehensive reform agenda in terms of legislation. In recent times, particularly in the last year, this has included the development and introduction of various pieces of legislation, including the serious and organised crime legislation, legislation relating to serious firearms offenders, the independent commission against corruption legislation, weapons legislation, criminal intelligence legislation, legislation relating to graffiti vandals, and so forth. I want to place on the record my great appreciation of the great work done by legislative services within the Attorney-General's Department. There are a group of people there who wind up having to put up with every crazy idea the Attorney comes up with.

Ms CHAPMAN: You or the previous one?

The Hon. J.R. RAU: No, I am talking about myself. They then get sent away to do hours and hours of work. The same people do all of the heavy lifting and nothing that I do or that the government does in the Attorney-General's portfolio would be possible without the work of those public servants. I greatly appreciate their efforts and I am sure the former attorney would share that view.

The other thing I would like to say is that another unsung hero around the place is parliamentary counsel. The Attorney's portfolio carries with it the lion's share of all the legislation in

this parliament, which means that the Attorney necessarily has more to do probably with parliamentary counsel than any other minister. Even so, the parliamentary counsel do a great job of sharing their resources amongst not only the ministry but also backbenchers, opposition members and so on. I really do not think they get enough recognition either for the amount of work they do and, let's face it, a large proportion of it winds up in the bin because people do not agree with it or it does not get passed or whatever the case is.

Nevertheless, there they are doing the work. Nothing is possible, in a parliamentary sense, without legislation being drafted, and parliamentary counsel do an excellent job. I would like to pay tribute to them and their efforts and thank them very much for their work, particularly over the last year when I certainly have been requiring a great deal of them and they have been stepping up to the plate time and time again, which is very good.

I would also like to place on record my appreciation of the service of Jerome Maguire, who retired to go to another place. The former attorney, who also worked with Mr Maguire, I know would be shocked to hear this, but I believe that Mr Maguire, shortly after taking up his new tranquil post, was obliged to go overseas and meet people in many parts of the world. That is tragic, but I think he will struggle by under that burden. Anyway, I would like to say thank you very much to Mr Maguire for his great effort. I know he was a great support to the former attorney and he was a great support to me.

I do not think people recognise the fact that Mr Maguire actually managed in extraordinarily difficult circumstances where, as head of the justice department and the Attorney-General's Department, he was answerable to seven ministers. I can tell you, as one of the seven, that it was quite frustrating not to be able to have his undivided attention. I am sure each one of those seven felt not only that they could not get enough of him but also that they got what they needed from him, and that is a considerable achievement for Mr Maguire. In all sincerity, I wish him the very best with his new endeavours and I am sure he will be a great asset to the MAC.

Since Mr Maguire left, the Liquor Licensing Commissioner, Mr White, has kindly agreed to step up to the plate. He is many things: he is now the Liquor Licensing Commissioner, the head of Consumer and Business Services and the head of the Attorney-General's Department, all in one space. It is almost like a machinery of government thing in one man, and he is doing very well.

Ms BEDFORD: Multiskilled.

The Hon. J.R. RAU: Multiskilled, indeed. I just want to put those things on the record, because everything that has been done by my office, by me or by the Attorney-General's Department has relied upon a disproportionate burden being carried by a relatively small number of people.

The other thing I want to say is that the government is also committed to progressing serious reforms in relation to the justice system; to mention them briefly: the independent commission against corruption and the public integrity office, which are presently between the houses. Conversations are occurring between the government and the opposition, and I am optimistic that they will provide a very satisfactory outcome. I think it is probably inappropriate for me to say any more than that at this time.

We are looking to implement improvements to find enforcement processes to recover debt, which I think I spoke about in some detail previously. We are considering—and I am personally very enthusiastic about it—looking into the creation of a generalist administrative appeal tribunal here in South Australia. It is not the time where money is easily obtained, but this is a very important reform.

I place on the record my thanks to you, Mr Chair, for your great support and assistance in relation to the working up of ideas in relation to this; it has been greatly appreciated. In years to come, I think this will be one of the landmarks on the calendar where South Australia grew up. I do not mean that in a pejorative sense, but where South Australia became a more sophisticated jurisdiction just—

Ms CHAPMAN: Why did you not do that, Michael?

The Hon. J.R. RAU: I think he tried to do it. He did try to do it.

Ms CHAPMAN: He was too busy reading the TAB guide.

The Hon. J.R. RAU: No; I think the former attorney did have an enthusiasm for this idea. In any event, other states have now gone down this track. I think this is an appropriate time for us to go down this track. It will deliver a higher quality, a lower cost and a more accessible dispute-

resolution opportunity for ordinary people than presently exists through the conventional court system—not for everything, but for many things. I think that is something that is very good for the administration of justice.

We are also conducting a review of the Legal Services Commission to make sure that the way in which the commission is managed and operated is delivering the greatest value to the system. In particular, there has been, and there will continue to be, discussion with the commission about the point at which the commission puts its key performance indicator—otherwise known as payment to lawyers—in the process and whether or not all of those are properly calibrated to maximise the efficiency of the courts and makes sure that people particularly focus on whether they should be pleading guilty at an earlier stage rather than at a later stage.

We have established a Sentencing Advisory Council, which is actually looking into the very complex question of section 269 of the Criminal Law Consolidation Act. I am hopeful that, in the not too distant future, it will publish some sort of paper for the purpose of getting a broader public understanding of the issues and suggesting some changes there.

We have established a Law Reform Institute to conduct reviews and research on proposals with a view to modernising the law. At last count, I think seven different preferences were being worked on by the Law Reform Institute, and its first discussion paper has now been published, which is a good thing. I think this is a very interesting, positive and collaborative model between the University of Adelaide, the Law Society and the Attorney-General's Department. It is a great opportunity for academics, law students, legal practitioners and lawyers in the Public Service to work together in sensible policy formulation outside the context of the political debate, which is a good thing.

As part of the 2012-13 budget, we prioritise new spending to areas of high need. Our forensic capabilities will be given a boost of \$1.9 million over four years. This is a very important area and I was delighted that we were able to secure that additional funding. Over the next four years, \$2.1 million has been provided to assist some of the most vulnerable people in society by providing additional funding to the Office of the Public Advocate. Again, a place which desperately needs support and deals with people who have great difficulties in looking after themselves.

As part of this initiative, extra funding will be provided to expand Victim Support Service's participation in the Family Safety Framework and Road Trauma Support Team, which will receive extra funding for its work in providing counselling and support to victims of road trauma. We already talked about the \$300,000 to conduct scoping for the redevelopment of the courts precinct, and another \$796,000 will go to modernise the justice information system by undertaking a business case and further developing information sharing. With that perhaps slightly too long overview, I am happy to answer any questions.

Ms CHAPMAN: You do not want to make any announcements while you are here of appointments? No? Given the commendation, compliment, recognition of the legislative services and parliamentary counsel in your address (no doubt well deserved), do I take it that those two areas are quarantined from any full-time equivalent efficiency drives over the next forward estimates?

The Hon. M.J. ATKINSON: You haven't done any preparation, have you? You just made that one up.

The Hon. J.R. RAU: What budget line are we talking about?

Ms CHAPMAN: If you like, FTEs, page 27.

The Hon. J.R. RAU: I will take that in good humour. As far as I am concerned, the situation is that I regard both parliamentary counsel and legislative services as being very important for the work I am required to do. As you would know, the actual decisions about these matters are made by the chief executive, not by me. I, personally, do not have the capacity to direct anybody. However, I have made it known to Mr Maguire on many occasions, and I have spoken to Mr White about this on a number of occasions, of how much I value their support. I think that is the most constructive way that I can be positive about those people.

Ms CHAPMAN: The member for Unley has a couple of questions, and then I will resume.

Mr PISONI: I take you to Budget Paper 4, Volume 2, page 19—Objectives. Has the Crown Solicitor's Office given any advice to the Department for Education and Child Development with regard to the responsibilities and/or liabilities of governing councils as they are now and how those

responsibilities or liabilities may change under the government's proposed occupational health and safety laws?

The Hon. J.R. RAU: I think I can confidently say I have no idea what the answer to that question is.

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

The Hon. J.R. RAU: I am happy to take it. I am not sure whether it even fits within there. I suppose it is one interpretation of what—

Mr PISONI: It states:

The service objective of the Crown Solicitor's Office is to achieve timely, high quality legal services and advice to the government...

It fits in beautifully, does it not? The department of education is the government.

The Hon. J.R. RAU: I will take it on notice. If the questions are directed towards: are we getting a reasonably quick turnaround in questions that might be asked of us by education? Clearly, that is pertinent to that description. If you are then asking, 'And what was their question and what was your answer?', that is a completely different matter.

Mr PISONI: I am asking: have you given the advice?

The Hon. J.R. RAU: If we have given advice in a generic sense, I agree it is relevant, but if you start asking about particular matters I do not really think that is relevant. Anyway, I will take it on notice.

Mr PISONI: The other question I have in relation to the same line is: under what circumstances would a parent, as a member of a governing council who is an employee of the Crown Solicitor, be asked to step down from that position on the governing council because the Crown Solicitor thought it was a conflict of interest: and, has that happened?

The Hon. J.R. RAU: Again, you are either asking me for legal advice or you are asking the Crown Solicitor to provide me with legal advice to give you legal advice.

Mr PISONI: No, it is not legal advice at all. I am asking: under what circumstances?

The Hon. J.R. RAU: Again, I will take it on notice. If it is relevant—

Mr PISONI: How would it not be relevant? In your own objectives here, it is about—

The Hon. J.R. RAU: I am not the minister for education.

Mr PISONI: But your department gives advice to government.

The CHAIR: The Member for Unley will give the Attorney-General a chance to answer the question.

The Hon. J.R. RAU: Can I just say that, as I understand this particular reference, we are talking here about timely, high-quality legal services and advice to government, in a generic sense. We are talking about providing a service. We are not talking about the particular service that was provided to the education department in respect of this client.

Mr PISONI: I have not asked for the advice. I have asked whether advice has been given.

The Hon. J.R. RAU: I will take it on notice but, if you want an answer to those questions which is going to be anywhere near helpful, I would encourage you to direct those questions to the minister for education.

Mr PISONI: The second question is particularly relevant because I have asked whether your department has directed somebody to stand down who is a member of a governing council and an employee of the Crown Solicitor on the basis that it would be seen as a conflict of interest if they did not stand down. That is the question I am asking.

The Hon. J.R. RAU: I do not see how that arises from the—

Mr PISONI: It is a direction from your department, from the Crown Solicitor's office.

The CHAIR: The Attorney has indicated that he will look into it and provide an answer, in a general sense.

The Hon. J.R. RAU: But before I am later on verballed as having said, 'But you were going to answer that,' I want to make it really, really clear that, as far as I am concerned, this

particular line that has been pointed to is a legitimate place to ask questions about, 'How timely are you? How often do you do this? Are people happy with your service?' in a general sense, but it is not an excuse to be able to obtain, by reference to this, elements of advice or confirmation of advice having been given about any other particular matter.

Ms CHAPMAN: Mr Chair, I will just place on the record that we listened attentively when the Attorney-General addressed us on his program of law reform for the forthcoming year, which has nothing to do with any budget or budget line. We did not interrupt that but we were happy to hear it. You are in charge here but, rather than the Attorney telling you what is to be done, I just place on the record that he can give all the instruction he likes but you are the one in charge.

The CHAIR: Certainly, in terms of the first question, it is not up to the Attorney-General to provide details of the advice given. Whether advice has been given or not, he will be able to tell you in good time whether advice has been given in terms of the governing council. If you want advice as to what that opinion was, you will need to ask the minister for education because it impacts on her portfolio. The second one, again, I am happy for him to provide advice as to whether that advice has been given and, again, it would follow that that would impact on, certainly, the minister for education because it is a member of the governing council, which she is responsible for. That is your understanding, Attorney?

The Hon. J.R. RAU: Yes.

The CHAIR: We are all agreed now.

Ms CHAPMAN: Thank you. At Budget Paper 4, Volume 1, page 26, I am referring to the justice technology services. The budget measures statement, which is a separate document, as you know, indicates on page 15 that \$796,000 will be allocated over two years to:

...undertake a business case and further develop information sharing and systems capabilities between agencies that continue to contribute to criminal justice matters.

Is this the work related to the 2012-13 target for the Justice Technology Services Program to 'develop a technical capability to modernise the justice information system to enable the continued sharing of information between criminal justice agencies'?

The Hon. J.R. RAU: I am advised that the answer to that question is yes.

Ms CHAPMAN: How much of this will be spent on the business case and how much will be spent on developing information sharing and systems capabilities?

The Hon. J.R. RAU: At this point, I am advised that that has not been determined.

Ms CHAPMAN: Will any other agencies receive funds from this allocation, for example the Courts Administration Authority?

The Hon. J.R. RAU: Again, I am advised no.

Ms CHAPMAN: With respect to budget implications and clamping, impounding and forfeiture of vehicles, page 85 of the Budget Measures document states that \$3.236 million in revenue was not realised due to delays with legislative amendments to enable costs incurred and the enforcement and clamping of vehicles. Is this expected to be realised in the following financial year, that is, 2013-14?

The Hon. J.R. RAU: This is a SAPOL budget line.

Ms CHAPMAN: You cannot answer that?

The Hon. J.R. RAU: No.

The CHAIR: The last time I looked he was not the SAPOL minister.

Ms CHAPMAN: I will ask this: do you know—if you know—when this legislation is anticipated to be introduced into the parliament?

The Hon. J.R. RAU: Again, it is a SAPOL line, but, no I don't, and nor would I—

Ms CHAPMAN: The Minister for Police may introduce it, you are saying?

The Hon. J.R. RAU: I don't know. I just don't know. It is a SAPOL matter, so I am not necessarily up to speed with everything that is going on in the SAPOL world. I know that there have been discussions about this matter, but exactly where this matter is presently I think is a matter to properly ask the police minister.

Ms CHAPMAN: Have you been consulted as Attorney-General on the proposed legislation to remedy this problem?

The Hon. J.R. RAU: There have been discussions between officers of the Attorney-General's Department and SAPOL.

Ms CHAPMAN: In any event, it is not within your knowledge as to when we can expect legislation?

The Hon. J.R. RAU: No, I don't know when we can expect legislation.

Ms CHAPMAN: With respect to 'Program net cost' under Smart Justice, and I am referring to Budget Paper 4, Volume 1, page 16, does the 2012-13 budget provide funding for the implementation of any of the recommendations of the Peggy Hora, thinker-in-residence report, Smart Justice?

The Hon. J.R. RAU: While the officers are having a bit of a look, can I just say that that is a bit of a difficult question to answer because Peggy Hora made a plethora of recommendations across a whole range of portfolios. How many were in the Attorney-General's Department? There were 48 recommendations in total—five sections. There is a justice system section, safer communities, Protecting the Next Generation and Building a Better Future, and Understanding the Third Branch of Government. There is a big range of recommendations. That is No. 1.

This is across portfolios, okay? Some of them, for example, fall into transport because they relate to licences and stuff. However, I am advised that, in general terms, of the 48 recommendations 80 per cent are supported and more than 50 per cent are underway. The 'timely access to justice' has been certainly high on my priority list, and many of the legal reform measures that have been introduced into the parliament have been directed towards that, including the guilty pleas legislation, which was unfortunately not supported in the upper house.

We continue to be pursuing 80 per cent of the recommendations, and many of those were underway or have been underway for a while, anyway. To answer your question—how much money is being spent on delivering Peggy Hora's recommendations—is a rather difficult thing to say.

Ms CHAPMAN: I'm just asking: in the forthcoming year is there any funding allocated for any of those recommendations? I appreciate you have made a statement that you are going to support 80 per cent of them, and some of them are happening—and you might have opened a file. But I'm asking whether any money has been allocated to any of these—and I am happy for you to take it on notice, as to what initiatives in that lot are going to be receiving funding in the forthcoming year, and, if so, how much?

The Hon. J.R. RAU: I am happy to take that on notice. Can I say to the honourable member that what you will probably get back is something like a reference to, let's say, installation of video equipment, which I think was one of her recommendations somewhere, from memory. You will get what was spent on that during the course of the last year, which probably would have been spent on it anyway, because we were already doing it. You can say that that money was spent on something that she likes, but whether you can say that it was actually spent on implementing her recommendations is more than just a point of semantics. A lot of this stuff was happening anyway.

Ms CHAPMAN: I understand that, but you have indicated what you support and what you are acting on, so I will leave that to you to identify. You may leave something off the list if you think it was just your idea, or you think she would have been sympathetic to, but we are really looking at her recommendations rather than what you think might be consistent with her thinking.

I refer to page 16: New Initiatives. Does the 2012-13 budget provide funding for any of the following: Sentencing Advisory Council, Law Reform Institute, and reform of laws relating to financial powers of attorney and, if so, how much each of them?

The Hon. J.R. RAU: In relation to the first two, they are matters where money has been found within the existing budget, so there is no separate allocation. I can indicate that, in relation to the Law Reform Institute, for example, much of the contribution has been in-kind or in a supporting nature, rather than anything else, and the sums involved are modest. In relation to the advanced care directives—and this includes the question about powers of attorney—as the honourable member possibly knows, this has been split in half now, so that the health people are pursuing their priority and the Attorney-General's Department has been looking at the other aspect of it. I am advised that the public advocate receives funding of \$193,000, indexed and ongoing, from 2011-12 onwards towards the development and implementation of these services.

Ms CHAPMAN: So the Sentencing Advisory Council is within budget, but how much is it for them for the forthcoming year?

The Hon. J.R. RAU: I would have to take that on notice. Again, it is a modest sum. Basically, there are resources within the department which have been allocated to assist them. They meet occasionally in an office which is in the department, so they do not have to pay for meeting, and there is a modest sitting fee that is paid, I think, for people who participate, but that is about it.

Ms CHAPMAN: Whatever small budget they have, I am happy to receive that in due course. I have some questions on the court of order cost against police, minister, if I may. I refer to Budget Paper 4, Volume 1, page 20, which states that the delay in the 2010-11 budget measure court order costs against police resulted in the estimated \$1.6 million in savings not being realised—and you have mentioned this before. On page 85 of this year's, 2012-13, it also lists again a \$1.6 million saving reduction due to the provision being defeated in parliament.

This year's Statutes Amendment and Repeal (Budget 2012) Bill also proposes amendments to the Summary Procedure Act to achieve similar ends. Was the Attorney-General aware that changes to criminal proceedings under the Summary Procedure Act would be included in the Statutes Amendment and Repeal (Budget 2012) Bill?

The Hon. J.R. RAU: In answer to that question, no doubt at some point I did become aware of it because I assume that the cabinet approved the budget bill—at least I think we did. At some point that must have happened but this was a police initiative, not mine. So if you want to ask about—

Ms CHAPMAN: So this is something that has come on the recommendation of minister Rankine?

The Hon. J.R. RAU: It came through the police, whether that was done through the minister or through the commissioner I am not able to say. It is a police matter; it is not a matter that has its origin within the Attorney-General's Department.

Ms CHAPMAN: Does the Attorney-General agree with the proposed changes?

The Hon. J.R. RAU: I think it is a bad policy for me to comment on other ministers' areas. I think they are best placed to comment on government initiatives in their field.

Ms CHAPMAN: How much does the Attorney-General expect will be saved by police as a result of the measure, or don't you know?

The Hon. J.R. RAU: I have no idea. Again, I suggest it is perhaps an appropriate question for the Minister for Police.

Ms CHAPMAN: What would the additional cost be to the Legal Services Commission?

The Hon. J.R. RAU: I have no idea.

Ms CHAPMAN: Have you sought information about that?

The Hon. J.R. RAU: At the moment it is a bit of a vacuum, isn't it?

Ms CHAPMAN: If it is passed, do you think it is reasonable that you would know, as the Attorney-General, whether there is any cost implication to the Legal Services Commission?

The Hon. J.R. RAU: If it were passed, that is the first question, and, secondly, if it does pass, exactly what form it passes in—again, I do not know the answer to that question. Assuming both of those unknowns occurred—I think we are having a Donald Rumsfeld moment: we have the known knowns, the known unknowns, and the unknown unknowns. You are asking me about an unknown unknown.

Ms CHAPMAN: If anyone is in the unknown it is the opposition, to the extent of being excluded from the information. That is why we are asking about it. You are the Attorney-General, you sit in the cabinet, and at some stage this bill has come before your government for approval. At a recent briefing the opposition was told that if last year's measure had been introduced this year the saving would have almost doubled to \$3 million. Do you have any idea as to what the government ascribes the change in that estimate, or haven't you been briefed on that either?

The Hon. J.R. RAU: As I understand it, the member for Bragg is talking about awards of costs against police prosecutors which are made by the Magistrate's Court. That is very much a

matter of the Minister for Police, and I think it would be inappropriate for me to move into that area and start making comment about it.

Ms CHAPMAN: It is just that it is in the public prosecutions division, which is your—

The Hon. J.R. RAU: Not of SAPOL it isn't. I do not have any role over SAPOL.

The CHAIR: I assume it would be in the commissioner's budget line.

The Hon. J.R. RAU: It would be, indeed. If it is on page 85, then it is under SAPOL and the commissioner is the responsible person. If you were talking about the DPP we might be in a different space.

Mr Pisoni interjecting:

The CHAIR: If you do not ask the question, you will not get an answer.

Ms CHAPMAN: I will follow it up with minister Rankine. That is the easiest and quickest on that. Sub-program 1.1: Crown Solicitor refers to victims of crime on page 20. The targets for 2012-13 include increased grants paid to organisations that support victims of crime. On page 15 of the Budget Measures Statement, the government says that we are providing an additional \$500,000 per year for the next four years for victims of crime support. Which agencies will receive this funding and how much will each agency receive?

The Hon. J.R. RAU: I am advised that the three main areas will be organisations that support victims including rape and sexual assault services, family safety and road trauma services.

Ms CHAPMAN: Were any of the services previously provided by government; in particular, will any of the funds go to providing witness assistance officers previously provided by the Office of the Director of Public Prosecutions?

The Hon. J.R. RAU: I am advised no.

Ms CHAPMAN: Is this in response to a current identified need or a future projected need—or possibly both, of course?

The Hon. J.R. RAU: Again, I am advised that the Commissioner for Victims' Rights provided advice and that advice was used to come up with these proposals.

Ms CHAPMAN: Which agency or office will manage the provision of grants?

The Hon. J.R. RAU: Again, I am advised that the victims rights' commissioner will be the main person involved.

Ms CHAPMAN: Will this money come from the Victims of Crime Fund or general appropriations?

The Hon. J.R. RAU: I am advised that it comes out of the fund.

Ms CHAPMAN: Out of the fund?

The Hon. J.R. RAU: Yes.

The Hon. M.J. ATKINSON: It's flush.

Ms CHAPMAN: We know that. Given that the former attorney has woken up, and he will listen attentively, my next question is: what was the balance of the Victims of Crime Fund as at 30 June 2011?

The Hon. J.R. RAU: It appears that we do not have a figure here for 30 June 2011 and if you want that, I will have to take it on notice.

Ms CHAPMAN: Thank you, sir. Do you have the balance at 30 June 2012, if that is estimated?

The Hon. J.R. RAU: We have not quite got there yet, but there is an estimate.

Ms CHAPMAN: Of?

The Hon. J.R. RAU: 96.

Ms CHAPMAN: \$96 million?

The Hon. J.R. RAU: Yes.

The Hon. M.J. ATKINSON: Outstanding husbanding of resources.

Ms CHAPMAN: Not if you're a victim.

The CHAIR: The members for Croydon and Bragg will stick to the questions.

Ms CHAPMAN: Thank you. I am glad that you are keeping him in check, Mr Chairman.

The CHAIR: And I need to keep you in check as well.

Ms CHAPMAN: I am on the case.

The CHAIR: I must confess you are behaving extremely well today.

Ms CHAPMAN: I am pleased to have that compliment. What is the budget forecast for the balance as at 30 June 2013, 2014 and 2015? If that information is not available, I am happy for you to take it on notice.

The Hon. J.R. RAU: I will take it on notice because I will make sure that I understand exactly what the figures say.

Ms CHAPMAN: How many applications from victims were received under the victims of crime scheme in 2011-12?

The Hon. J.R. RAU: I am advised that, as at April this year, there had been 1,701.

Ms CHAPMAN: How many payments to victims were made under the victims of crime scheme in 2011-12 including the average payment, how many payments were at the maximum payment level and what proportion of payments were in each \$10,000 range?

The Hon. J.R. RAU: I suspect some of that is going to have to be on notice, but I am advised that the approved applications in 2010-11 numbered 1,219.

Ms CHAPMAN: Thank you, I will mark the rest on notice. How many applications to victims were received under the victims of crime scheme for victims of abuse in state care in 2011-12?

The Hon. J.R. RAU: I think I will have to take that on notice.

Ms CHAPMAN: How many payments to victims of abuse in state care in 2011-12 were made under the victims of crime scheme 2011-12? Also: (a) what was the average payment, (b) how many payments were the maximum payment, and (c) what proportion of payments were in each of the \$10,000 range?

The Hon. J.R. RAU: I do not want to just have a stab at this, so—

Ms CHAPMAN: No, that is fine; I am happy to have it on notice, thank you. My next question relates to page 71 of the same portfolio statement on the victims of crime levy. Given the increase in inflows to the victims of crime levy, is the government planing to increase payments to crime victims, and if so, by how much?

The Hon. J.R. RAU: Any change to the payments to victims would have to be a matter that was a decision of cabinet. Obviously, I cannot prognosticate on what cabinet may or may not do.

Ms CHAPMAN: But you would know, Attorney, that cabinet is not going to consider any change without a recommendation from you, so is it your intention to put a recommendation to increase the amount?

The Hon. J.R. RAU: I think it is a little more complicated than that. I am not the only player in that particular arena.

Ms CHAPMAN: Do you intend to put any recommendation to the other players?

The Hon. J.R. RAU: I may have chats to people quietly over the next period, but what comes out of that, I could not possibly say.

Ms CHAPMAN: Have any other players put that recommendation to you?

The Hon. J.R. RAU: What recommendation would that be?

Ms CHAPMAN: To increase the amount.

The Hon. J.R. RAU: Not that I recall.

Ms CHAPMAN: Who are the other players?

The Hon. J.R. RAU: Oh, for goodness' sake.

Ms BEDFORD: That has nothing to do with the budget line.

Ms CHAPMAN: Yes it does.

Ms BEDFORD: What budget line is that?

Ms CHAPMAN: About increasing the fund—the payments out of the fund.

Ms BEDFORD: Which budget line—

Ms CHAPMAN: Victims of crime.

Mr PISONI: He referred to players.

The Hon. J.R. RAU: Let us get back on track here: if this is to occur, it is a matter that would need to be resolved by cabinet, and I am not able to speculate on what cabinet may or may not do about this or any other matter, for that matter, in the future.

Ms CHAPMAN: In essence, you have not put that recommendation, and you are not aware of anyone else who is about to?

The Hon. J.R. RAU: Again, I am not in a position to talk about what I have or have not put to cabinet.

Ms CHAPMAN: I now refer to the office of public integrity and the independent commission against corruption. On 29 February 2012 the Attorney announced the appointment of James Hartnett as project director to steer the establishment of the independent commission against corruption in South Australia. What has been the cost of the project director, any associated staff, and any associated running expenses? Page 14.

The Hon. J.R. RAU: I will have to take that on notice.

Ms CHAPMAN: When will the project director conclude?

The Hon. J.R. RAU: Shortly after the bill passes the parliament, I hope.

The Hon. M.J. Atkinson interjecting:

Ms CHAPMAN: I invited him to make an announcement. Are you getting the job, Michael? Heaven forbid.

The Hon. M.J. ATKINSON: I would be very good.

Ms CHAPMAN: I might have to emigrate to Botswana.

Members interjecting:

Ms CHAPMAN: Given the centralised coordination of complaints by the office of public integrity, how much will the reception resources in the other agencies be reduced?

The Hon. J.R. RAU: The honourable member raises a very interesting question, and it is one to which there presently is no answer. Assuming the legislation passes the parliament more or less in its present form in the near future, there are a number of variables that will affect that. The only thing I am reasonably confident about is it will have some impact, but exactly what, and whether that impact is felt equally across other agencies, is presently very difficult to say. I think that is going to be one of those things we will just have to keep an eye on once it starts.

One conceivable possibility is that everybody will decide that they find the OPI such a simple place to deal with that they will not bother going to these places directly any more, in which case you would have a dramatic fall-off in the direct entry into the Ombudsman's office, for example. It may equally be the case that that is not what happens and that the public chooses to continue to use the Ombudsman directly and only goes to the OPI if they have a matter that they think is a local government issue or is a potential corruption issue. We just do not know.

The Hon. M.J. ATKINSON: They could go to all of them.

The Hon. J.R. RAU: Indeed, and possibly will. The other thing I am reasonably confident about is that the first couple of weeks of the OPI will be busy, when people who all of us know quite well from our life will find a new place to visit.

Ms CHAPMAN: All the people who complained to the Burnside inquiry to start with. In 2012-13 and each of the years of the forward estimates, what will be: the budget for the ICAC, the budget of the OPI, the FTE for ICAC and the FTE for the OPI?

The Hon. J.R. RAU: We will have to take that on notice. Whilst the OPI and the ICAC are separate entities functionally, in the context of the bill they still sit under the one chief executive, in effect, which is the commissioner. To what extent those figures have been teased out to the degree that is required to give that answer I am not sure, but we will do our best.

Ms CHAPMAN: I am happy for some that might, for example, have one FTE, which is a particular position that is available for the service as it grows, and there may be some allocation of time in that, but there may not be, and I appreciate there may be some that are an amalgam in the information you will provide. According to my records, you claimed in the *Sunday Mail* on 5 June 2011 that the office will have around 20 investigators and other support staff.

The Hon. J.R. RAU: Are you talking about the ICAC office?

Ms CHAPMAN: Yes, ICAC. Do you have any idea as to the number of investigators that you are going to have or that you have budgeted for?

The Hon. J.R. RAU: Again, I would have to take that on notice. I think we all need to be very much aware of this: assuming the legislation gets through the parliament fairly soon, it would be my view that we should commence advertising for a person to occupy the role sooner rather than later so that that person can actually bed down the model whilst there are still parts that have not yet been set in concrete. One of the things that I expect the commissioner, once designated, to turn his or her mind to is exactly what mix of staff they think would best fit the role.

When you start drilling down into real detail, a lot of that will only become clear once we have a person who is going to be running the show and they are able to make those decisions about their own staff, in effect. To some extent, whatever numbers have been done up until now are necessarily guesstimates based on a general assumption about the types of functions to be performed and how many staff might be required to do them, but that may not correspond exactly with what the commissioner ultimately wants.

Ms CHAPMAN: I refer to page 71 on Fees, Fines and Penalties. Why was the cash inflow from fees, fines and penalties for 2011-12 down by 78 per cent from \$1.7 million to \$399,000? Secondly, on what basis is the government able to forecast that the inflow will increase to \$1.913 million, a 480 per cent increase in 2012-13?

The Hon. J.R. RAU: I think we need to take that on notice.

The CHAIR: This is the last question for this section, member for Bragg.

Ms CHAPMAN: Thank you. I will just return to the Attorney-General's workforce summary in Budget Paper 4, Volume 1, page 15. It shows that the actual FTEs for 2010-11, excluding the FTEs transferred out, was 1,233.6 compared with an estimated result for 2011-12 of 1,256.9. Do these figures indicate that the FTE savings forecast last year were not achieved and that in fact the department increased its number of staff and the FTE count was budgeted to go down to 1,190.5 in 2012-13, given that the estimated result for 2007-12 was 1,256.9, as I have said? Does this amount to a reduction of around 66 staff?

The Hon. J.R. RAU: I am advised that there were vacancies in 2010-11. That is one part of the answer. The other part of the answer is that 47.8 FTEs are required by way of savings.

Ms CHAPMAN: Thank you, Attorney, and members of the committee.

The CHAIR: I will now open the Electoral Commission of South Australia.

Departmental Advisers:

Ms K. Mousley, Electoral Commissioner, Electoral Commission of South Australia.

Mr D. Gully, Deputy Electoral Commissioner, Electoral Commission of South Australia.

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

The Hon. J.R. RAU: No.

The CHAIR: Member for Bragg or member for Unley, the floor is all yours.

Mr PISONI: I have one question to get us started. I refer to Budget Paper 4, Volume 2, page 16, staffing and preference indicators. I have a question about the process by which a member of parliament or any other interested person advises the Electoral Commission of a dead letter or a return-to-sender letter. Is it always dealt with, how is it dealt with, and in what time frame?

The Hon. J.R. RAU: I might ask the commissioner to address that.

Ms MOUSLEY: If it is a dead letter, or a 'return to sender' letter, we record the details and send the information to the Australian Electoral Commission because they are tasked and appointed as electoral registrars and they manage and maintain the electoral roll on our behalf. What then happens is a letter is sent out to that elector at the address to confirm whether they are still there or not, and if they are not there another letter is sent out some weeks later to remove their name from the electoral roll.

Mr PISONI: How is it determined they are not there, by a return of your letter?

Ms MOUSLEY: Yes, a return of the letter. They are given a certain period of time in which to return that letter to the offices for confirmation of whether they might have perhaps returned, whether they were temporarily away, or whatever the case might have been. The registrars take that action on advice from whether there is any return letter or not and then take the appropriate action. If there is no return to the letter they send another determination letter out to the elector to say they have taken them from the roll. Obviously, that will still give the elector an opportunity to respond if they have in fact returned to the address.

Mr PISONI: Over what time period would you expect that to happen?

Ms MOUSLEY: There are certain cycles in which the Electoral Commission processes that data. Naturally, they are not going to do it as each one is returned to them, they would wait until they have a cycle due for objection action, pending the different activities. If it was just before a state or federal election I would suggest there would be very few names removed from the roll because of the flux of people in and out of different addresses.

Mr PISONI: So, when it is close to a state or federal election what you are saying is that people remain on the roll?

Ms MOUSLEY: We tend to keep them on the roll unless we have very hard evidence to tell us where their new address is. Obviously, advertising campaigns are conducted in the lead-up to state and federal elections. I can only talk to the state elections, and there is quite an intense advertising campaign to advise people, if they change their address, to get on the roll for the correct address so that when they then go into a polling place they can have a vote for their correct address.

Mr PISONI: Is the person that has advised the Electoral Commission of the return to sender or the dead letter entitled to be informed of the outcome?

Ms MOUSLEY: No, we do not do that.

Mr PISONI: No, I did not say that. Are they entitled, was the question.

Ms MOUSLEY: No.

Mr PISONI: They are not entitled to?

Ms MOUSLEY: No. We do not keep track of who has actually informed us of that. If it was a private objection that had been lodged by an elector objecting to someone on the roll there is a procedure for that process. Typically, a lot of this information is gathered through return to sender mail sent to our offices in one form or another, and we collect that data, even throughout the postal ballots that we have for the local government elections. There is a lot of return to sender mail that is delivered back to the office from Australia Post and we action that and advise the registrars to take the appropriate action for us.

Mr PISONI: How many allegations are made of fraudulent use of the electoral roll—in other words, people not living at the address but claiming to live at the address—every year?

Ms MOUSLEY: There are no numbers that we collect, that I am aware of, but there are a number of people who, at any particular point in time, are not enrolled for their appropriate address because they have let their enrolment lapse. The unfortunate part of that is that it is very difficult for us to find out where they have moved to in some instances, but there are other means at our disposal, as in motor registry information, when they are updating their drivers licences, and those

people who advise Australia Post that they might have moved address, we get those details as well.

So, we are able to get information from a number of sources that will tell us where people are moving to. The registrars then contact the electors at the new address—when they are at the appropriate cycle of the mail review time frame—to get them to fill in a new enrolment form.

Mr PISONI: Have there been any prosecutions for members of the public who might be in breach of the Electoral Act?

Ms MOUSLEY: In relation to enrolment matters?

Mr PISONI: Yes.

Ms MOUSLEY: Not that I am aware of, no.

Ms CHAPMAN: Budget Paper 4, Volume 2, page 16. I know the budget includes a target for 2012-13 to 'publish the new Disability Access and Inclusion Plan'. What process has the commission undertaken to develop the plan and, in particular, to engage people with a disability?

Ms MOUSLEY: We have formed a focus group and we have met on one occasion with the focus group to get some information and consult with them on what we might need to include in the next iteration of the plan. We have offered a lot of information now to the focus group members and they are all members with a disability of one sort or another, so they have got ample opportunity to provide more information to us on how we can better improve our services to the disabled sector. I am also a member of the National Disability Advisory Council and we meet once every year nationally, and that is a forum whereby there is a much wider range of advocates and people with disabilities that come to that meeting where we discuss a range of options as to how we might improve our level of service delivery.

Ms CHAPMAN: The select committee on the 2010 election recommended that the electoral commission 'work with other electoral administrations, particularly the Australian Electoral Commission, to foster and implement other electoral innovations to facilitate the votes of people with a disability'. I note that you have just said you are a member of the national body?

Ms MOUSLEY: That is correct.

Ms CHAPMAN: And that has met, I think, once, at least?

Ms MOUSLEY: Yes, we met in May.

Ms CHAPMAN: Other than the disability access and inclusion plan, which we have just referred to, what action is the electoral commission taking to address this recommendation?

Ms MOUSLEY: We are working very closely with the Australian Electoral Commission on any electronic, or otherwise, innovations in relation to providing a level of service. The state and territory electoral commissioners meet each quarter and discuss a range of operational matters that might improve our services, to the extent that we have a workshop that is planned on 25, 26 and 27 July whereby there will be operational people attending an electronic voting seminar.

At that seminar there will be a group of academics and operational staff so that they can address a number of the issues such as the hardware, the technology and the platform and, hopefully, out of that seminar develop a standard similar to the telephone voting standard that has already been developed. So, while it will not necessarily lock us into a particular way of doing the activity, it will at least give us a benchmark to consider whether that is going to work for our state.

Ms CHAPMAN: When is the Electoral Commission's strategic plan due for completion and release?

Ms MOUSLEY: We are looking to start the process in the next couple of weeks. We have just appointed a consultant and they have got a meeting with us on Monday. Obviously, a part of our deliberations for the next iteration of the strategic plan will incorporate different aspects of continuous improvement and providing a wider scope of services to a wider range of people.

Ms CHAPMAN: Would you expect it, say, by October?

Ms MOUSLEY: I would hope that by September or October we will have a new plan in place.

Ms CHAPMAN: Again, at page 16, in relation the IT staffing, the Legislative Council select committee on the 2010 election recommended that the Electoral Commission's information

technology staffing and resourcing be enhanced. The commissioner advised the committee that the commission has only one IT specialist on staff. Given the vulnerability of the commission and the potential impact that the loss of such a crucial staff member could have, especially during an election year, has this issue been addressed?

Ms MOUSLEY: Yes, it has been addressed, to the extent that I have doubled my IT complement from one to two; and it is only this week that we have had a new project officer start to do a complete review of our website to provide, once again, a better platform from which we can operate for the next election.

Ms CHAPMAN: Again on IT staffing, recommendation 17 of the Legislative Council select committee suggests increasing the use of the web-based i-rolls to detect and prevent multiple voting. The targets for 2012-13 include, 'finalise and allocate 2014 general election project plans.' What progress has the commission made in planning for the future use of web-based rolls going forward?

Ms MOUSLEY: We have had considerable in-house discussion on the proposal and there was a scoping exercise trialled at the 2012 by-elections in February of this year whereby we rolled out electronic certified rolls to all of the polling places that we were using for the two by-elections. For that exercise, we used 80 netbook computers from Victoria and we used the Tasmanian IT platform and made some modifications to that. The trial itself worked out very well but, because of the timing of the staffing on hand, effectively, we were not able to have automatic mark-off of the rolls. It was loaded and then checked at the end of the day, but to roll that out to a full election is going to come at considerable cost.

Ms CHAPMAN: Do you have an estimate?

Ms MOUSLEY: We have not formed the estimate yet because the platform on which we might be able to use the technology is changing all the time. That is obviously a subject that is the discussion virtually of every commissioners' meeting every quarter.

Mr PISONI: What is 'considerable cost'?

Ms MOUSLEY: We have not done a costing on the full rollout of the program because it will depend on: are we going to load the information onto an SD card; are we going to have direct updates straight through the web access? It would depend on the type of platform that we are going to use and the style of our mark-off as to what the costs might be.

Obviously the problem that the commissions face is that technology is changing all the time. There is no value in our buying the hardware, so we are trying to find out reasonable solutions by which we can loan it or hire it from either other jurisdictions or other large computer companies, etc. There has not been a cost firmed at this point in time because we have realised that, with the by-elections earlier this year, we have not got the capacity to do it for 2014.

Ms CHAPMAN: Using other agencies' assets for the by-elections, what did it cost you to do those two by-elections?

Ms MOUSLEY: It was very cheap, indeed.

Ms CHAPMAN: A million dollars, \$5, what was it?

Ms MOUSLEY: For the by-elections there were negligible costs because we borrowed—we just paid for the transport costs.

Ms CHAPMAN: So we are talking a few hundred dollars?

Ms MOUSLEY: Yes.

Ms CHAPMAN: As well as insurance, presumably, of this equipment?

Ms MOUSLEY: Yes, and replacement of pieces of hardware as well, because there were a couple of pieces that we had to replace—they did not work on the day. To roll it out for a full election, there are a lot more connectivity issues and help-desk issues. With some 18 months to be ready before the next election is bedded down and how we are going to process that aspect of the election itself just does not give us time to do it fully so that I would then be able to feel comfortable with the level of risk that it might pose to us.

Ms CHAPMAN: In terms of the current technology, is any other state using it across the board for elections?

Ms MOUSLEY: Not across the board. There are hybrid versions in other states. I think that, as I reported last time, Victoria, for instance, has got connectivity issues because of the type of building that it uses.

Ms CHAPMAN: What about the most recent election in, say, Queensland?

Ms MOUSLEY: They did not use that, no.

Ms CHAPMAN: Still at page 16 and performance indicators, how does the commission estimate the number of people eligible to be on the roll who are not enrolled?

Ms MOUSLEY: We look at figures that are provided from the Australian Bureau of Statistics on the number of eligible electors. That is taken from a number that is given to us from the estimated resident population, and there is a factor of some 9 to 10 per cent that are subtracted from that who are obviously born overseas and not Australian citizens or those who are not yet 17 or 18 years of age. Once we have adjusted that figure we then look at the number of people who are enrolled to the numbers in that category of estimated population.

Ms CHAPMAN: Does the commission have any plans, or is it doing any work, on the automatic electoral enrolment?

Ms MOUSLEY: At this point in time we do not have complementary legislation for that. I believe that, in the federal arena, there is discussion and debate in the parliament sometime in June for online up-dates and automatic enrolment. They are issues that we are looking at and discussing with the Attorney to see how we might adjust our legislation, because, at the moment, we are required to get a signature of a witness, which is not what the federal authorities are looking to do.

Ms CHAPMAN: Have any of the state jurisdictions followed that course already?

Ms MOUSLEY: Yes. New South Wales and Victoria both have some form of online enrolment and use of data from a trusted source. It is reasonable, I would expect, that the federal authorities are now looking at that as well. The federal authorities are also trying to determine the business rules, because it is such a new paradigm for them as to how they are going to approach this task.

They will obviously use the experience of New South Wales and Victoria. New South Wales, for instance, has had its program up and running for some 18 months to two years, and it has got quite a robust system. They have already identified that, because they have got the capacity to do an automatic update, there is a divergence of some 400,000 electors on the New South Wales roll.

Mr PISONI: I again refer to page 16: staffing. On a typical state election day what do you have in the way of resources to monitor potential breaches of the Electoral Act, and what is the process if you are made aware of a potential breach or a breach?

Ms MOUSLEY: The resources that I have at my disposal are the polling managers of the each of the polling places and their staff. We also have a network of returning officers. So, if there is an issue at a polling place that might be a potential breach of the act, the polling place manager typically gets in touch with the returning officer, who gets in touch with me. The majority of instances we have on polling day are normally related to the start-up process in the morning, when people are jostling for positions closest to the entrance point, where most of the electors might be going through to enter the polling place itself. Any other incident is reported to me on a needs basis. I also have available crown law resources. They are available at the end of a phone call. If there is an issue they are made to come into the office immediately to support me. So there are, I believe, sufficient resources available to monitor and also respond to any issues.

Mr PISONI: Are you then in a position where, if you made a call that an action must cease, it would cease, and what sort of time would it take from when you make that decision?

Ms MOUSLEY: Depending on what the issue might be, but if it is a reasonably simple, straightforward issue, that issue is resolved immediately. Typically, it might just be a lack of understanding, perhaps, by the party worker or someone else outside the polling place that might be causing the issue.

Mr PISONI: If the direction was ignored by your polling officers—

Ms MOUSLEY: If the direction is ignored we have got the capacity to issue injunctions.

Mr PISONI: How long does that take?

Ms MOUSLEY: I believe that is quite quick because we have judges available as well.

Mr PISONI: If something happens at midday on election day could you run through what the process would be and how long it would take for your office to stop a belligerent action from continuing?

Ms MOUSLEY: If it was a belligerent action that was an interpersonal type issue, as in someone in the polling place creating havoc, I would get the state police out there straightaway.

Mr PISONI: Let's say it was not a violent incident; it was actually refusing to remove an oversized sign or handing out deliberately misleading how-to-vote cards that are in breach of the act. How would you deal with that, and how long would it take?

Ms MOUSLEY: That is a very broad question, and I would not be to give a specific answer to an issue like that. I would have to take each issue as it arose and then take what I consider to be the appropriate action. If it was a breach of the act, I would suggest that I would be out there personally myself to ensure that it is followed through, and I would have the right support people with me, as in the police, or lawyers as well, to ensure that it was all done appropriately. I have not had the experience where there has been a breach of the act to that level on polling day.

Ms CHAPMAN: In terms of the performance indicators, what education activities were delivered in 2011-12?

The CHAIR: Which page are you referring to?

Ms CHAPMAN: Page 16: performance indicators.

Ms MOUSLEY: Are you wanting the target or the estimated result? There is a slight variation in the numbers.

Ms CHAPMAN: What activities were actually undertaken?

Ms MOUSLEY: We have just gone through a process whereby we have had access to the apprentices and traineeships data, because we found they were a sector of the community that were not being targeted by a number of our other enrolment programs.

Ms CHAPMAN: Where do you get that information from?

Ms MOUSLEY: From DFEST and through the apprentices board.

Ms CHAPMAN: And they just give it to you, do they?

Ms MOUSLEY: Well, it's taken quite some time to consider because they have their privacy issues to consider, and under the demand powers of section 27A of the Electoral Act I am able to access that data for the appropriate purposes. At the moment, we have made up a lot of packs that we sent out to DFEST, who are then passing them on to the registered training providers, and they are passing them on to the apprentices.

Ms CHAPMAN: So you do not have direct access to that list as such; you just give it to the providers, do you?

Ms MOUSLEY: Not at this point in time, but we are working on getting direct access to them and confirm, from that list, if there is anyone who is still not on the roll. We can approach them direct by letter or correspondence to ensure they take the appropriate action.

Ms CHAPMAN: Do you need some legislative changes to enable you to get access to that, changes in privacy—

Ms MOUSLEY: No; we are able to access the data under section 27A of the Electoral Act. That is one of the activities. There are a number of other brochures that we have put together to make them easy-to-read publications that will be available in one form or another, both electronically and in hard copy. We have produced a fact sheet on researching your family history; a lot of people ring the office wanting to know how to do it, so we have produced a fact sheet to answer that query. We put together an advertising and community awareness program for the two by-elections that we had earlier this year. We did the Royal Show in September 2011, and we are also looking to update our 'Power of Voting' item on our website. At the moment it has Ryan Fitzgerald as the prominent person, and that creates a lot of issues for us for renegotiating fees, etc. So we are working to change that, perhaps with another person conveying the same information.

Ms BEDFORD: I have one quick question. What is being done to ensure that all Aboriginal people are correctly enrolled and are given the resources to be able to vote in an informed way?

Ms MOUSLEY: We are working quite closely with the Australian Electoral Commission on that issue. It has an Indigenous education and participation program, and has staff appointed specifically for the role of getting out there to Aboriginal communities.

We have attended a number of different community events specifically targeted at Aboriginal people, and we have people going to the NAIDOC Day on 6 or 7 July. So we are working quite closely to get a number of posters, information sheets, etc., that are relevant so that people are aware of their rights, and obviously through the different community events that we attend with the Australian Electoral Commission.

Ms BEDFORD: In the remote communities, will those posters be in the correct language?

Ms MOUSLEY: We do that in language for the APY elections, because it is a specific stand-alone event. To do that for a state election, we have not undertaken that yet but we are looking to undertake it this time around in 2014.

Ms BEDFORD: That would be good.

Ms MOUSLEY: Yes,

Ms CHAPMAN: Before we close can I just thank you, Mr Chairman, for being on your best behaviour and the commissioner for her attendance, and to the Attorney. Thank you.

The CHAIR: There being no more questions, I declare the proposed payments concluded.

[Sitting suspended from 18:48 to 19:45]

DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE, \$954,509,000

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

Membership:

Mr Venning substituted for Mr Marshall.

Hon. I.F. Evans substituted for Ms Chapman.

Mr Griffiths substituted for Mr Pisoni.

Witness:

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Planning, Minister for Business Services and Consumers.

Departmental Advisers:

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

Mr J. Hanlon, Deputy Chief Executive, Department of Planning, Transport and Infrastructure.

Mr M. Palm, Manager, Budget and Investment Strategy, Department of Planning, Transport and Infrastructure.

Mr A. McKeegan, Director, Planning Reform and Governance, Department of Planning, Transport and Infrastructure.

Mr A. Gear, Director, Planning and Assessment, Department of Planning, Transport and Infrastructure.

Mr M. Loader, General Manager, Planning Reform and Governance, Department of Planning, Transport and Infrastructure.

Mr D. Romeo, Chief of Staff.

The CHAIR: Would you like to make some introductory remarks, minister?

The Hon. J.R. RAU: Very briefly; it is just a bit of an overview. Planning is a key responsibility of the Department of Planning, Transport and Infrastructure. Members would probably be aware that the machinery of government changes that occurred in October last year have meant that the planning portfolio, which previously was bundled with local government has moved across to a relationship with the transport and infrastructure portfolio. I think that has actually been a very significant and positive development.

Within that portfolio, Mr Hook is the chief executive but, under him, Mr Hanlon is the executive primarily concerned with planning matters and there is some degree of separation within the organisation between those two functions. The fact of them being co-located is actually very useful in terms of there being a very easy channel of communication between the planning people and the infrastructure people, which I think is already beginning to show some very promising dividends and will continue to do so in the years ahead, I believe.

There have been a number of achievements in the last 12 months. I guess, in terms of things that I am particularly pleased about, the capital city DPA is something that, I think, has been a significant achievement. This has been quite a groundbreaking reform and I am happy to say that it has been done entirely in cooperation with the Adelaide City Council which is, I think, in terms of recent years, novel and very welcome. I certainly appreciate the cooperation that we have received from the Adelaide City Council. Although, if one reads the media, one might think it is just the council doing things by themselves, we do have a bit of a role and this is one example of where we did precisely that.

The main elements of the agreement we have with the city council include planning reforms which create a new capital city zone across the square mile of the city. That encompasses a change to allowable building heights and, for much of that zone, the building height is no longer limited by the plan: it is limited by permission from the civil aviation authorities. So, there has been a considerable uplift in the maximum height that can be built in that area.

There is a greater emphasis on mixed use developments. I guess we are talking here about things like ground level retail cafes, restaurants and so forth and then upper levels with office accommodation and residential accommodation. We are looking at and have placed emphasis on greater and better links between ground floors and public spaces.

We have better defined boulevards, such as King William Street, Grote Street and Wakefield Street, and we are working on the activation of city squares and Parklands. We have also introduced the concept of a catalyst site being a site which exceeds, I think, 1,500 square metres.

Mr GRIFFITHS: Sorry, what was that?

The Hon. J.R. RAU: A catalyst site, which is a site that has a footprint of greater than 1,500 square metres. In these sites, there is the opportunity for even greater flexibility in the type of development that might be available.

We have established a new city design review panel, which is chaired by the government architect. The net result of all of this is that we have basically reversed the planning regime for the city. So, in the past, people would put in an application that would go through various processes with the Adelaide City Council and, if it was over \$10 million, it would wind up going to the Development Assessment Commission but only after it had been through some reasonably lengthy process with the Adelaide City Council. The time frames involved in a proponent being able to move their project from, in effect, application stage to approval stage, were unacceptably long.

The other problem we had there was that consideration of design really only occurred at the very end of the process, not at the beginning of the process. So, people, naturally enough, were committed for many, many months or whatever to a particular project only, very late in the piece, to have design raised as an issue. I think that was a very unhelpful way of doing it.

What we have now done is reversed the whole thing. We have removed not all but most of the prescriptive elements contained in the city development plan and we have said that, in essence, there are a number of objectives that any development must meet—objectives, not prescriptive rules, and there is a significant difference between those. It is a matter for the design and ingenuity of the developers to actually come up with ways of solving those problems. The main issue we are concerned about here is how buildings address the street and how pedestrians are able to interact with developments in the public realm.

The outcome of this now is that we have a process whereby significant projects approach the planning department, in particular, Mr Hanlon, who then allocates a case officer to that project. From virtually the beginning—and this is pre-lodgement—there is discussion with the proponent of the project, aimed at making sure that the design outcomes are in conformity with the guidelines for the design review panel.

After that process has been gone through, the application is then lodged, and it is lodged at a time whereby it has already been looked at by the design review panel and they have had an opportunity to comment on the project from the design point of view. We are able to say that the decision-making process has now been reduced from many, many months, or even years, back to 10 days as a result of that change.

Since these changes have been implemented, we have in excess of \$500 million worth of new development proposals that have been brought forward to the department. We have had a number of people who have had existing approvals under the old regime who have come forward and said, 'Look, we want to actually have the opportunity of making a fresh application using the new approach.' Some of those people have been indicating to departmental officers that they are sufficiently encouraged by the changes to actually try and invest even more money in the projects that they are looking at developing.

In one instance, a project which had been approved for X number of storeys and has an existing approval for that has come back and said, 'Look, we would like to add Y number on top of that because we are very encouraged by what's going on.' So, it has been pretty well received so far by the development and investment community.

I think the first project that has gone through that whole process from start to finish is the Mayfields development, which has just been approved, and that is the development in Sturt Street. It basically goes from Sturt Street back to Gilles street; it is a whole city block, in effect, minus a couple of townhouses on one side, so it is a very substantial development. The value of that development is in the order of \$200 million, just by itself.

We think this is a very positive change. We have better, more flexible rules for development in the city, and we have a completely new development approval process. We have achieved a degree of cooperation with the city council in relation to these things, which I think has been very refreshing. We are working on quite innovative strategies for delivering design across the city; not just on each of these individual buildings, but in a coordinated fashion across the city.

We have completed the first phase of simplifying the zoning system so that we have, across the city, a small number of zoning criteria. We have gone from 600-and something, and we are aiming to get to—is it 47? Now it is currently 60-something. Anyway, we are simplifying and consolidating the whole planning process across the city.

In the regions, we have delivered plans for the Limestone Coast, Eyre and Western Region, and there are additional volumes to South Australian planning strategy, while the Andamooka Regional Structural Plan recently completed its public consultation. We are also the people who manage the Kangaroo Island Futures Authority, which is an important development engine (we hope) for Kangaroo Island to give it maximum opportunity to see investment and growth in both the tourism and agriculture sectors on Kangaroo Island. We are also overseeing the work in relation to the Barossa Valley and McLaren Vale regions, seeking basically to quarantine these areas, which are so close to what is now a growing metropolitan area, and to quarantine them from incursion by residential subdivision.

We have declared a major project in the last 12 months in respect of a deep sea port at Port Bonython and the appropriate process, which is initiated by the declaration of a major project, is now taking its statutory course. I am also expecting shortly to receive from the Development Policy Advisory Committee advice on the statewide wind farms DPA and the regulated trees DPA, both of which have been in place for some time now.

I wanted to run through a few of those things to demonstrate that we have actually had a busy year and that the planning portfolio is doing quite useful work basically facilitating the opportunity for investment and development in South Australia. I would like to take the opportunity to thank all of the staff in Planning and also to thank Mr Hook for his leadership of the department overall because there has been a lot of work to be done in the last 12 months and people have really got into it. Many of the people you see in the room today have been carrying a substantial burden in that regard and have done a first-class job.

We are looking forward to an exciting year in the year ahead and we are hoping to be able to demonstrate by people investing and putting their money where they think they can make a good business proposition a goer. We are looking to see people follow this through, particularly in the City of Adelaide, through more development investment in buildings, more development and investment in the public realm and a more lively business atmosphere for the city. That is where we have been in the last 12 months, that is where we hope to go.

The Hon. I.F. EVANS: There are only a couple of pages on planning in the whole budget, so essentially all these questions refer to pages 126 and 127 of Budget Paper 4. I am assuming that the whole staffing component relating to the planning function is the 140.6 staff under Program 1: Urban Development and Planning. Out of 3,500 in the department generally, I am assuming the whole staffing component is 140.6.

The Hon. J.R. RAU: I believe that is the case.

The Hon. I.F. EVANS: Is there a breakdown of the staffing component into the various sub-programs? How many staff are allocated to the KI Futures Authority or the housing land supply? Is the staffing broken up into sub-programs and, if so, can we have the details of the full-time equivalent for each sub-program and the budgets?

The Hon. J.R. RAU: We don't have that sort of detail here tonight, but I can take that question on notice and we will see what we can do. I can say that being a relatively small department there are people in the department who are doing many things simultaneously, so some of the activities that you refer to are being managed along with other activities by particular individuals or numbers of individuals. In some respects, it is a bit artificial to suggest that a particular individual is full-time on Kangaroo Island, for example, or full-time on some other function because a lot of them are doing many things, but we will do our best to give you that.

The Hon. I.F. EVANS: In relation to the Mount Barker planning decision, I FOI'd the department seeking a traffic management study in relation to the impact of traffic, the increase in traffic, from the Mount Barker development on Glen Osmond Road because obviously they are going to come down the freeway and hit Glen Osmond Road. I travel that road regularly because I am a resident up the hill. The answer from the department was that there was no traffic study done on Glen Osmond Road—there was no document. Can you confirm to the committee that there was no traffic impact statement done on Glen Osmond Road, Portrush Road or Cross Road for the planning decision of Mount Barker and, if not, why not?

The Hon. J.R. RAU: I will make a couple of points in relation to that. Firstly, I am not exactly sure how that comes within the page that we are talking about.

The Hon. I.F. EVANS: It is planning.

The Hon. J.R. RAU: Sure, but many things are and many things fit under that umbrella.

The Hon. I.F. EVANS: When you did the PAR for Mount Barker, surely one of the questions that was asked was, 'Once the houses are built and the traffic is going to go down the freeway, how is the road infrastructure going to carry the traffic?' Or are you saying to the committee that that question was not asked and that they just approved the houses without talking about traffic?

The Hon. J.R. RAU: No, I am not saying anything about that topic to the committee at all presently.

The CHAIR: I think the minister is asking whether that is a relevant question for this committee.

The Hon. J.R. RAU: I am just asking whether it is relevant to this budget line, that is all.

The CHAIR: Can you provide me with a budget reference?

The Hon. I.F. EVANS: Yes, it is Budget Paper 4, Volume 3, page 126. It says: 'Strategic land use agency administering the South Australian Planning and Development System', and Mount Barker was approved under the South Australian Planning and Development System. Therefore, I am asking a question about a decision under that system. It is a very long bow.

The CHAIR: It is a very long bow; yes, you are quite right.

The Hon. J.R. RAU: I was looking at the wrong document. I think the best thing for me to do is to take that question on notice. The only thing I should probably place on the record in response to that question is that as yet there has in fact been no land release at all in Mount

Barker. The development has not yet reached a stage where it can commence, but I do understand the question that is being asked and I will attempt to get a response.

The Hon. I.F. EVANS: On page 77 of Budget Paper 6, Budget Measures Statement—one of my favourites—it talks about full-time equivalent savings for the department, showing 38 less for the next financial year and 82 the financial year after that. Can the minister advise how many come out of the planning and development function of the agency?

The Hon. J.R. RAU: I hope not all of them because that will leave us with very few people. I am advised that that is across the whole department, and it is presently unallocated.

The Hon. I.F. EVANS: If I can have a supplementary, Mr Chairman. When it went to cabinet and they decided that 82 people were coming out of your agency in two years' time—

The Hon. J.R. RAU: Not my agency.

The Hon. I.F. EVANS: No, but the agency to which this section of the government sits—it did not dawn on anyone to ask, 'How many of those are coming out of planning?' In theory, it could be 82 out of the rest of the department or it could be 82 out of planning; it could be 10 out of planning or it could be 20 out of planning. No-one knows.

The Hon. J.R. RAU: As I said before—and Mr Hook can say something about this in a moment if he likes—the total staff for the whole of DPTI is what?—3,600 or something. So it is from 3,600 that there will be a reduction of 38. It is a matter for the CE of the whole department to determine where within that whole establishment that will occur. Clearly, it is not an easy task but one that presently has, as I understand it, not been allocated to particular spots in particular parts of the whole department.

Mr HOOK: That is correct. I would like to say that the allocations are the savings targets both in terms of dollars and FTEs that are given to us out of the budget process. What we get one year may be added to in the next year. Every year we work through a process both with vacant positions and TVSPs of how we can reach our target. We have done it every year so far. Out of this budget we have another 38 to achieve—not this year in 2012-13 but in 2013-14. We have to add that to the previous tasks given to us, and we respond as we are asked to do to ensure that we come within budget.

I could also say that with some of the changes to the capital program we have other savings to make of those who are funded out of the capital program which may have implications for these numbers, but it is a complicated task. It is not necessarily an easy one but that is what we get asked to do. In the planning area we have roughly 100 staff who came from the former department who are part of our department. We have roughly another hundred staff who are part of transport planning who now sit with an integrated planning group under John Hanlon. There are other parts of the department that are also reporting to John Hanlon as deputy chief executive. We, as executives in the department, will work out how best to meet our savings targets.

Mr GRIFFITHS: I might just refer a few questions to the opening comments of the minister for a reference point. I commend him because it is important to me, having worked in local government before and understanding the intricacies of planning and the role it plays in appropriate development taking place, to see somebody who has a bit of passion. I sensed from his words that there is a commitment there to try to improve the system, so I do acknowledge that.

I am interested, though, in a couple of things that you talked about with the improvements and the allocation of an officer as part of the pre-application process. How do you determine to do that with the sincerity of an application? Do you assume that everybody who comes to you with a proposal has the capacity to do it and the experience to do it or is there some form of a vetting process that takes place before an office is allocated?

The Hon. J.R. RAU: I will let Mr Hanlon say a few words about this as well, but inasmuch as we are talking about the City of Adelaide there is a \$10 million threshold and projects which presently fall below the \$10 million threshold are dealt with as they previously have been, although we are trying in discussions with the council to work out a way where they, too, can be deflected into this if everyone is happy with it. So there is an immediate filter applied so that we are only talking about the projects above \$10 million that are automatically eligible to be treated in this fashion. That is the first filter, so you are not having people wanting to put up a new pergola or something.

Mr GRIFFITHS: Yes, I understood that.

The Hon. J.R. RAU: But in terms of judging the bona fides or the credibility of these people, perhaps I will ask John to say a couple of words about that.

Mr HANLON: As you would be aware, most of these projects are very major projects in relation to the city. I think putting it in some sort of perspective, since we introduced the \$10 million threshold there have been 35 applications in that whole period of time that have come through, so we are not talking about masses of applications but we are talking about the biggest applications for the CBD.

On that basis, up until this year, we had been averaging around nine a year. Clearly, the majority of those projects were projects that were going to go ahead. They were significant: tens of millions of dollars running into hundreds of millions of dollars. There were large advisory groups around those particular owners, all fairly obvious. We can work that out in the first meeting we have with them—that these are serious.

What we are sorting out with some of those applicants in the pre-lodgement stage is whether that application even has the opportunity of moving through the system. So, as much as it is about saying to them, 'Yes, we can work this through the system,' sometimes it is about saying, 'You need to go away and rethink this.'

The Hon. J.R. RAU: Can I just add to that that it is very much my view that what we are trying to do is enable, facilitate or catalyse investment opportunities. We are not there to actually pick winners. We cannot make people invest money if they do not have it or do not want to spend it. What we can do, though, is get red tape and delay out of the way to the extent that one of the decisions about whether you press the button to invest or not may be about how much your holding costs are, how long you are caught up in court processes, etc. If we can do something to cut that back and make it easier for people, then I think that is the appropriate role for government.

There may be people who pull our chain and come in and say, 'I want to build this and that' but, in the end, if they are wasting our time, they are wasting theirs as well. They either invest or they do not. There may be some legitimate people who wind up not investing, not because they were not legitimately interested at the time but because their circumstances might have altered.

The Hon. I.F. EVANS: Regarding the Kangaroo Island Futures Authority and the budget's \$25 million, is that out of your budget line or the Department the Premier and Cabinet? Over what period in the forward estimates is the \$25 million? Can we get a breakdown per year of the \$25 million, and what is it to be used for?

The Hon. J.R. RAU: I think we are in a different space here. The approval specifically for the authority is \$4 million over three years, which is half a million dollars in 2011-12, \$1.7 million in 2012-13 and the same again in 2013-14. That is for the authority itself. The authority is again a bit of a catalyst, though. It is not the be all and end all of things. For example, in addition to the moneys being put in here, DPTI has put in an amount of money over the next few years for roads.

Mr HOOK: \$8 million over four years.

The Hon. J.R. RAU: \$8 million over four years for roads. I think at the time the original cabinet decision was made, DENR had agreed to put in \$5 million for walking trails and so forth on the island. It may well be that the number added up to \$25 million, and I can try to find out. I am not saying that it did; I am just saying—

The Hon. I.F. EVANS: I am advised that the Premier announced in July 2011 that \$25 million would be allocated to the Kangaroo Island Futures Authority.

The Hon. J.R. RAU: My understanding is that that incorporated all of those programs. The actual authority aspect of it—

The Hon. I.F. EVANS: Can you get then a breakdown of the \$25 million, the projects and the years?

The Hon. J.R. RAU: Yes, but I do not have it here.

Mr GRIFFITHS: Just to clarify, there are no capital funds available then for projects that will create economic development there? It is really just the management of the authority that is—

The Hon. J.R. RAU: Well, one example is \$8 million for roads, as Mr Hook just said. That is a capital—

The Hon. I.F. EVANS: You did not need an authority to do that.

The Hon. J.R. RAU: No, we did not; indeed. The function of the authority is to look at what the issues are on Kangaroo Island and to draw government and local government together in one place to try to nut out solutions to these problems. Step 1 is, what are the problems on the island? I can tell you things which I do not think will surprise you, like for example: transport costs; getting to and from the island; issues about infrastructure like roads, power, water, sewerage, electricity, etc.; issues about markets for products there, whether there are ways of maximising the yield that they get for products from the island by appropriate branding and marketing of products.

There is an array of different subjects, and the point is that, up until the establishment of this authority, those subjects were being looked at, not from the perspective of Kangaroo Island as a single entity, but from the point of view of a bunch of silos. The people in the environment department were looking at their assets on Kangaroo Island from the perspective of the environment, the tourism people were looking at their aspirations for the island from the perspective of tourism, and so on, but they were not all necessarily working out how they could maximise the overall contribution to the island. That is what the Futures Authority is supposed to do. It is something to coordinate, facilitate and actually improve the thinking and get some solutions for the island, rather than people just operating in silos and nothing happening.

Mr GRIFFITHS: I go back to your opening comments again, minister, where you referred to wind farms and told us you are awaiting advice from the Development Policy Advisory Committee. It is an emotional issue in my patch, where there is a wind farm proposal on Yorke Peninsula of 176 turbines, and I know quite a few people in my area made submissions to the group when they were undertaking their consultation. How far away are we from you receiving the preliminary advice of the advisory policy group?

The Hon. J.R. RAU: I do not know, but I gather it is not far away. I will get a report soon, but exactly when I do not know. It has to be before 19 October; it has to be before then.

Mr GRIFFITHS: That is the 12-month anniversary of the announcement of the DPA.

The Hon. J.R. RAU: Correct. There has been quite an elaborate and well understood public engagement process about this. I agree with you, there are a lot of people who are very concerned about this. The one thing that is interesting, though, is that since that interim DPA was put in, it is not as if there has been an avalanche of applications. If you were to listen to some people you hear on the radio, you would think that vast parts of the state had now been the subject of applications to put wind farms up, and that just has not happened. I think there is only one, and one amendment application. Very little practical change has been brought about or occurred since.

Mr GRIFFITHS: If I can express some frustrations and some comments from the community, there is an acceptance of wind farms happening, I think, in the community, but there is a great concern where it is on prime agricultural land. In the past it has been in areas on ridgetops and that sort of stuff, where you have not able to use it for any other purpose and it has been a suitable land use, not discounting the health concerns that those in adjoining communities and homesteads will talk about quite often on talkback radio and send through to members of parliament. I am wondering how you are placed philosophically when it comes to considering where wind farms are proposed for agricultural land that has a really high productive figure?

The Hon. J.R. RAU: I understand the point you are making, but I think given that I am a decision-maker in relation to this, I need to be guided by what comes back to me from DPAC and the issues that they identify. In general terms, I understand your point, but can I say that there does appear to be a group of people who are very happy with wind farms and they are the ones who have them on their properties.

Mr GRIFFITHS: I acknowledge that, and families make financial decisions.

The Hon. J.R. RAU: More will happen in that space once I get the DPAC report.

The Hon. I.F. EVANS: On page 126, under the expense line, there is a grants and subsidies line for \$150,000. Is that inclusive of the Open Space Grant Funding program and the Places For People Grant Funding program? If not, what is the annual budget for those particular funding programs? Are the grants available out of those programs made by the minister or made independently of the minister?

The Hon. J.R. RAU: Are you talking about the Planning and Development Fund?

The Hon. I.F. EVANS: I am talking about that one as well. The question given to me is the Open Space Grant Funding program and the Places for People Grant Funding program.

The Hon. J.R. RAU: I am advised that the \$150,000 is the annual contribution to the Australian Building Codes Board; apparently everyone around the commonwealth chips in.

The Hon. I.F. EVANS: Where is the Planning and Development Fund in the urban and development planning sector?

The Hon. J.R. RAU: You used some other words there though, what were those words?

The Hon. I.F. EVANS: The question I was asking was about an Open Space Grant Funding program or the Places for People Grant Funding program.

The Hon. J.R. RAU: I am told they are in the administered items.

The Hon. I.F. EVANS: If you could tell me the annual budget and who makes the decision about the allocation of grants. Does the minister make the decision or an independent committee?

The Hon. J.R. RAU: We may be at cross-purposes with the names we are using. What your question might be referring to are tags that different grants have, but they are actually coming out of a different fund. I am not quite sure whether that is the case or not. I am assuming that what you are talking about is money that is coming out of the Planning and Development Fund—just so that is clear. The Planning and Development Fund was established in the 1960s under the Planning and Development Act 1967. The Planning and Development Fund approved budget for 2012-13 is \$18.846 million. I am advised that this year there have been 64 applications from various councils under that fund, those are assessed by my department and recommendations are made to me. It is ultimately a matter for me to approve, or not. Of those, 29 were approved and 35 were not approved. I have a list of the ones that have been approved, if you would like to have that.

The Hon. I.F. EVANS: I would like the ones that were approved and the ones that were not approved as well, if possible.

The Hon. J.R. RAU: That is fine.

The Hon. I.F. EVANS: The \$18.846 million, when you say 'the budget', is that the total amount collected for the fund? In other words, if the fund collected 25, you maybe only spend 18 of it this year, for some reason, you are building up a reserve, or is it all spent?

The Hon. J.R. RAU: I am advised that whilst carryovers in that fund are possible, the practice has been that the fund is emptied every year: money comes in and money goes out.

The Hon. I.F. EVANS: Is the fund what was the old Open Space contribution? How does the money get into the fund? It is a charge on developers, is it?

The Hon. J.R. RAU: A charge on developers.

Mr GRIFFITHS: For the record, that is when it is above a certain number of allotments, is it not?

Mr HANLON: Yes.

Mr GRIFFITHS: What is that number?

The Hon. J.R. RAU: It is 20.

Mr GRIFFITHS: And the current cost per allotment is?

The Hon. J.R. RAU: I am not sure of the current cost per allotment. We will get back to you on that. The most recent information I have just been provided with advises me that, as at 31 May this year, there was \$22,344,380, from which an amount of \$7.6 million is about to be deducted for councils, which gives us the \$15 million, or whatever it was I said before.

The Hon. I.F. EVANS: That means that you are going to spend the other \$18 million in the next month, because you just told the committee that there is no carryover—it is spent every year—and you have \$18 million left at the end of May. So, one can assume only that you are going to have a big spend up in June.

The Hon. J.R. RAU: It is a rolling in and out.

The Hon. I.F. EVANS: What I am trying to work out is: is there a reserve built up for the fund? The first answer to the committee was that there is no reserve, that it is spent every year, and you have just given evidence, based on the advice, that it had \$24 million or \$25 million and they are about to spend \$7 million, and that means \$18 million. We are at 20 June, so I can only

assume that you are going to spend about \$2 million a day to get rid of it by 30 June, otherwise there is a reserve, is there not?

The Hon. J.R. RAU: I said that initially; that is, there is a capacity for carryover. But the idea is that money comes in, money goes out. If you want some more detail historically about what has been happening, I will get you some figures on it; that will probably make it clearer.

The Hon. I.F. EVANS: Sensational.

The Hon. J.R. RAU: Budget Paper 4, Volume 3, pages 176 and 177, I think should—

The Hon. I.F. EVANS: What page, John?

The Hon. J.R. RAU: Page 177. On the top of page 177, there is Planning and Development Fund, budget \$975,000, and you add to that the item on the bottom of page 176, three lines up, Planning and Development Fund, \$17.871 million; that is the cash inflows for that year.

Mr GRIFFITHS: If I can just clarify that. If I look at cash outflows, Planning and Development Fund is only \$2.147 million, plus another one further down of \$130,000 in other payments.

The Hon. J.R. RAU: The best thing would be that I get some information about actual years so that you can see what has happened. But the basic gist of it is that money comes in and money goes out, but it is not—

The Hon. I.F. EVANS: Not unusual in a budget, minister.

The Hon. J.R. RAU: No, but the point is that the fund does not have a carryover issue. It can have money there and straddle a financial year.

The Hon. I.F. EVANS: How often does the department report on the level of the fund? Do you get a quarterly report, a six-monthly report or a monthly report? How often does the minister receive a report on the status of the fund?

The Hon. J.R. RAU: I am advised that there is a report to Treasury on a monthly basis about this. From my point of view, in practice, I would look at it as and when projects come in front of me, as you do.

Mr GRIFFITHS: Minister, I just want to emphasise the question. It relates back to some information which came to the Economic and Finance Committee about a recreation and sport fund which had ministerial authority to approve, which had, I think, \$3 million in it.

The Hon. I.F. EVANS: Seven.

Mr GRIFFITHS: Seven million dollars in it, which previous ministers over the last six or seven years have never expended.

The Hon. I.F. EVANS: Or they did not know it was there. Minister, I will move on to another topic. Under your planning portfolio, there are a number of bodies which are supported by the department: Development Assessment Commission, Development Policy Advisory Committee, Public Space Advisory Committee, Government Planning and Coordinating Committee. I am assuming that the budget for these bodies comes directly out of the urban development and planning program, program No. 1. If so, for each of the bodies, could you advise the budget allocation and the breakdown of staffing costs for each of those?

The Hon. J.R. RAU: I think we will take that one on notice.

The Hon. I.F. EVANS: The Urban Renewal Authority, I am just trying to work out how that—

The Hon. J.R. RAU: That sits under minister Conlon in the scheme of things.

The Hon. I.F. EVANS: I understand that, but how does it relate into the planning system? Does the Urban Renewal Authority have any planning capacity or decision-making capacity about planning?

The Hon. J.R. RAU: No. If I can just put it this way. The planning function, as I am sure both honourable members know very well, is a function of writing a rule book. In a sense, it is not quite a regulator but it is something which stands apart from development. It is the rule book by which development occurs. The URA is on about development, so there is a separation between

the people who write the rules which apply to everybody and an agency within government the major function of which is to promote and be involved in development.

Mr Hook has particular responsibility for interaction with the URA because of his role as the major organiser of infrastructure and major developments, and so forth, in this state, whereas the planning people would certainly have conversations with the URA about issues but there is a separation there and the planning issues are dealt with as a discrete matter. A rezone, for example, over a particular area would affect perhaps not just the URA but other landowners or developers or people who might be playing in the space, so you cannot have the URA, in effect, setting its own rules.

The Hon. I.F. EVANS: Just to be clear, then, the URA will be under exactly the same planning regime as any other developer?

The Hon. J.R. RAU: Yes, it is. The only point, I guess, just to be clear about it, is: if the URA was the sole owner of a particular parcel of land like, for example, Clipsal, and a particular planning regime was arranged for Clipsal, that would mean the URA had a particular planning regime applying to it which did not apply to anybody else, but that would not be by reason of it being the URA: it would be by reason of it being the sole landowner in the area that had been the subject of the rezone, which could apply to anybody.

Mr HOOK: Can I comment?

The Hon. J.R. RAU: Yes.

Mr HOOK: What the minister said is perfectly correct, but the way this is structured is the integrity of the planning process within our agency is paramount and we have the responsibility for the statutory process, which includes structure plans, understanding what the infrastructure implications are if an area is developed (irrespective of who the developer is), and doing development plan amendments at the appropriate time to rezone the land.

The Urban Renewal Authority is, in effect, the government's development arm, which can be involved in developing government land or also negotiating with the private sector arrangements for development of their land, but in both instances they work within the statutory framework that our agency is responsible for.

I think the aspect that is particularly comfortable for where we all sit is that we are not running a statutory process and also wheeling and dealing and picking favourites with developers to get approval through our process. Any negotiation can be done through the Urban Renewal Authority. We have the integrity of the statutory process that we are responsible for within our agency.

The Hon. I.F. EVANS: I assume there is nothing to stop the Urban Renewal Authority buying a site within this new city zone that the minister spoke about in his opening statement, because the special planning rules are for one-on-one customer service, so it is government dealing with government to get the approval up. I guess there is nothing to stop the Urban Renewal Authority doing that.

Mr HOOK: With cabinet approval, the Urban Renewal Authority is the agency that can acquire land and enter into arrangements to develop the land. We do not do that; that is what they can do. That is, in effect, what is happening at Bowden. Formerly, the Land Management Corporation was the vehicle to do that, but the Urban Renewal Authority takes those functions and also has the broader agenda of working on a package of affordable housing outcomes for state government by, now, linking and bringing in the Housing SA development component, so it is a commercial entity but it also has the social housing component as part of its role. They operate in the development space separate from our agency. We would treat them like any other developer.

The Hon. J.R. RAU: From a planning point of view.

The Hon. I.F. EVANS: I understand that, but I am wondering who audits that. I know that is the intention but, ultimately, when you have government negotiating with government to get a project up, I wonder who, ultimately, oversees that.

Mr HANLON: The process we operate here is that we have a Development Assessment Commission which is an independent body that makes the decisions about any developments in the system at all. From my perspective of managing that side of it, it does not matter who is lodging or who wants to go through that pre-lodgement stage, they would be required under all the statutory requirements under the act that we operate to have all the same investigations done over the sites, all the same sorts of matters and design issues. Everything that applies to every

development wherever it is in the state would apply to government operators as well as private operators as well as non-government organisations that want to develop within the state. The statutory system requires them to go through a particular process and that process is under the scrutiny of a number of bodies that look at the planning system to ensure that there cannot be any form of inappropriate relationship.

The Hon. I.F. EVANS: I understand that the statutory system will be the same, but the system can put different conditions on different developments, can it not, and still stay within the system?

Mr HANLON: Any conditions that are placed on any development will be placed by the Development Assessment Commission, not by the officers who are doing any form of pre-lodgement, so the process—

The Hon. I.F. EVANS: So all the decisions in relation to that square mile (or whatever the zone was that the minister mentioned earlier) go to the Development Assessment Commission?

Mr HANLON: They all have to go through the Development Assessment Commission.

The Hon. J.R. RAU: If they are over \$10 million.

The Hon. I.F. EVANS: And if they are under \$10 million?

The Hon. J.R. RAU: They go through the same old process they have always gone through.

Mr HANLON: By council.

The Hon. J.R. RAU: By council; unless council comes to an agreement with the government that they would like the case management model to be applied to that particular project.

The Hon. I.F. EVANS: Then what happens?

The Hon. J.R. RAU: Then that project would be treated the same as the over \$10 million projects.

The Hon. I.F. EVANS: It goes to DAC.

The Hon. J.R. RAU: Yes.

Mr HANLON: Internally, within the department, the officers who do pre-lodgement are not the officers who do the assessment so they have no ability to make recommendations and they do not appear in front of the Development Assessment Commission. We have separated that out, internally, from a probity point of view: you are giving advice and your job is to ensure that you can break through that system. We want to make it the best planning system in the country and from that point of view we have officers dealing with the pre-lodgement and we have other officers who will make the assessment independently and make their recommendation to the commission and then the commission has to make a decision.

The CHAIR: Do members on the left have any questions of the West Beach Trust?

Mr GRIFFITHS: No. There are some prepared, but we are asking other questions. If I can finish, I am particularly interested in regional development plans and the improvements being made there. My recollection is that Mr Nightingale, in his previous role, wrote to local government in, I think, April, May or June last year, asking each of the regional councils (and it might have been metro, too) to identify the top three priorities for plan amendment reviews. Indeed, then there would have been a diligent approach to try to finalise those. Do you have any figures on how successful that has been, and how many of those DPAs have actually been completed now?

The Hon. J.R. RAU: It is going to take a little bit to extract that particular information out. It will not be impossible to find, but rather than just sit here while we all shuffle through papers, can we take it on notice? Mr Hanlon is saying that he can give you a general answer on that.

Mr HANLON: We had a lot of feedback from those regional councils that they were not overly happy with some of that prioritisation in the way that we were going about that within the agency. What we have done is to set up to try to manage that process.

Within the agency we have now established a regional planning team who have progressively over the last eight months visited all the councils to help them work through those particular regional planning strategies for their councils and their DPA processes, first, to try to

improve our services to them but, secondly, to try to fast track some of those DPAs through the system.

I have not got the actual figures tonight as to how many of those have moved through the system, but certainly the feedback we have had from regional councils is that the working relationship has improved within the agencies to try to make sure that we do achieve some of the outcomes for those councils and that they are linked to their overall planning strategies.

Mr GRIFFITHS: I am pleased that the relationship is working well but, off the top of your head, can you say whether you think it is 10 per cent, or something, that might have been done?

Mr HANLON: What I can say to you is that we have had a significant reduction in the amount of time that it has taken to get a DPA through the system. We have reduced that significantly, but I do not have the figure for you, broken down, that is, regional council, DPA is approved in the last 12 months, these are the numbers. I do not have that. I do have the reduction in the amount of time it has taken us to deal with each DPA.

Mr GRIFFITHS: Minister, you will take that on notice and provide that at a later date?

The Hon. J.R. RAU: Yes, we can find that out.

The CHAIR: There being no further questions, I declare the examination of the proposed payments adjourned. I now move to the Minister for Business Services and Consumers.

ATTORNEY-GENERAL'S DEPARTMENT, \$89,409,000

ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$43,344,000

DEPARTMENT OF TREASURY AND FINANCE, \$67,538,000

**ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE,
\$1,799,067,000**

Membership:

Mr Goldsworthy substituted for Hon. I.F. Evans.

Witness:

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Planning, Minister for Business Services and Consumers.

Departmental Advisers:

Ms A. Gale, Acting Commissioner for Consumer Affairs and Acting Liquor and Gambling Commissioner, Attorney-General's Department.

Mr P. White, Acting Chief Executive, Attorney-General's Department.

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

Mr D. Soulio, Director, Investigations and Inspections, Consumer and Business Services, Attorney-General's Department.

Mr K. Della-Torre, Director, Gambling Policy, Department of Treasury and Finance.

Ms J. Hall, General Manager, Business Services, Consumer and Business Services, Attorney-General's Department.

Mr R. Chappell, Director, Independent Gambling Authority, Department of Treasury and Finance.

Mr J. O'Daly, General Manager, Consumer and Business Services, Attorney-General's Department.

Ms J. Ward, Acting Manager, Regulatory Services, Consumer and Business Services, Attorney-General's Department.

The CHAIR: Minister, do you wish to make some brief comments?

The Hon. J.R. RAU: Yes, a few brief comments. Obviously, 2011-12 has seen the completion of the merger between the office of consumer and business affairs and the office of liquor and gambling, resulting in a new organisation called Consumer and Business Services. This was designed to create efficiencies both for the organisation and for customers.

CBS has been working on a number of initiatives, and I am the first to say that the transition from where CBS was, its constituent elements, to where it is now, has not been entirely trouble free. Certainly, in my time we have encountered a few bumps in the road, but I think we have been able to pretty successfully deal with those, and I will speak a little more about that, no doubt, in the course of this evening.

A number of initiatives have been undertaken to improve the performance of agencies connected with CBS; some of those relate to occupational licensing, others relate, for example, to the Residential Tenancies Tribunal, where we presently have a discussion paper out and we are intending to analyse the results of that. I believe today we had a considerable number of people responding to it, and we will be looking at putting legislation into the parliament in due course to introduce some reform. The recommendations in the discussion paper speak for themselves, and I will leave that there.

In relation to the trade licences, we had an industry roundtable discussion not that long ago and sought to identify issues of significance to the industry and, as a result of this, a number of initiatives have been implemented. These include increasing the delegations to ensure that staff are able to approve applications, granting trade licences under mutual recognitions for licences licensed interstate, creating a simplified renewal document; simplifying the reporting of qualifications from TAFE, creating an in-house online system for licence renewals, and completing an online application process to allow applicants to complete forms at home.

A large amount of this work has been done on the initiative of employees of the agency, and I think that they deserve to be congratulated on having done pretty well above and beyond the call of duty in many respects: well done to all those people. Further initiatives being developed include working with the relevant department to identify opportunities for information sharing about apprentices between DFEEST and CBS, developing an application guide to assist applicants, making IT changes to allow applications to be approved at a counter, undertaking an ongoing process of reviews of each licence type, restructuring the licensing area of CBS to assist with staff retention and development, and developing a suite of legislative reforms to further improve processes and reduce red tape.

The year 2011-12 also saw the transition of South Australian business names registered to the newly established national register, administered by ASIC, and there are a number of benefits of that new national register. That is a very brief overview and outline of what we have been doing and where we see things going.

Mr GOLDSWORTHY: I do not have an opening statement; I am just happy to move to questions. I refer to Budget Paper 4, Volume 1, Program 3: Consumer and Business Services. I want to talk to you for a little while about liquor licensing fees, on page 38, under the heading of Liquor Regulatory Services, referring to the total income figure in the budget of some \$5-odd million. You made a ministerial statement in the house on 12 June—only last week—when, as some described it, you backflipped on your previous announcement in relation to the introduction of the liquor licensing fees. That was a measure—

The Hon. J.R. RAU: I prefer to call it an improvement on my previous announcement.

Mr GOLDSWORTHY: —that was part of the 2011-12 budget in terms of raising \$3.6 million. That was in last year's budget and it is obviously in this year's budget, on page 39 under the heading of 2011-12 Estimated Results, 2010-11 Actual. The dot point states, 'additional income from the introduction of liquor licensing annual fees (\$3.6 million).' Have you calculated what income will be generated from that revised set of fees?

The Hon. J.R. RAU: I think it is probably helpful for everyone to get in their mind's eye how the licensing fees have been structured. The licensing fees are structured essentially in a matrix. So the matrix will take, as a heading for the matrix, for example, hotel licence, or it might be special events licence, or it might be a restaurant licence, or whatever. So that is the heading for the matrix. Then, under that heading, you have, 'closes by 2am and has up to 200 people'. That is one option.

Mr GOLDSWORTHY: I've seen it all, yes.

The Hon. J.R. RAU: Yes, but I'm just explaining it because—

The Hon. M.J. ATKINSON: This is the vertical on the matrix.

The Hon. J.R. RAU: Yes; and then you go out that way.

Mr GOLDSWORTHY: No; it's horizontal, actually.

The Hon. J.R. RAU: That's horizontal. We are not vertical yet.

The Hon. M.J. Atkinson interjecting:

Mr GOLDSWORTHY: Just tell him to shut up because he is not helping at all.

The CHAIR: What do you mean? Would you like me to ask him to not interject?

Mr GOLDSWORTHY: Indeed.

The CHAIR: Member for Croydon, do not interject, please.

The Hon. J.R. RAU: Out of respect for everybody in the room, I will not read out every variation on the theme, but the point is that as you increase the number of people who are licensed to be on the premises and as you make the closing time of the venue later, the licensing fee increases. The major example for hotels, for instance, is that if they close after 2am and have more than 400 people, then their base fee is 700. If they stay after 2am, it is then plus 2,500, and if they stay after 4am, it's plus 7,500. So, they wind up paying 10,700.

Mr GOLDSWORTHY: They are the new fees.

The Hon. J.R. RAU: Correct. Incidentally, they would have paid 10,700 before, except it would have been two jumps of five instead of 2½ and 7½.

Mr GOLDSWORTHY: Minister, it's over 400 capacity.

The Hon. J.R. RAU: Yes. The point I am trying to make to you is this: it turns out that many of these licensees have had conditions upon their licence that they were not actually aware of themselves, or at least if they were aware, they had only a passing awareness of it. When they discovered that they were likely to receive a fee of X because their licence allowed them to trade past 4am, they then asked themselves the question: do we ever actually trade after 4am? Some of them said 'No, we don't; we don't trade after 4am, so we actually don't need to have that as a condition of our licence'.

So they have then come back to the licensing commissioner and said, 'Can we please vary our licence, because we don't need that bit.' Or, they might have had a licence that said they could have 400 people in there, but in effect they never have more than 300, so they have said, 'Can we vary that?' The point is that I don't think anybody anticipated, including the licensees, that there was so much unhelpful information on the public register about what these people were actually doing.

There are a whole range of reasons why that could have happened. It does not mean that anyone has done the wrong thing. For example, if you purchased a hotel from me, you may not sit down and study the details of how late is the licence and how many people get there: you would probably look at the books and say, 'How much money is he making and how much money will I pay for it?' or whatever. So, there are people who are successors in title, if you like, to a licence and who may never have actually turned their mind to what the original licence stood for.

Other people have changed the way they run their business and have never bothered to go back to the commissioner because they never had to—it didn't make any difference—but now it does make a difference. That is one element, and it completely changed the groundwork on which any assumptions about licences might operate. The second point is that some people were then in a grey area, where they did a cost benefit analysis and said, 'Well, I do open after 2am, but is it worth my spending an extra \$5,000 a year to open after 2am; I'm going to cut back my licence so I don't open after 2am.'

So there were all sorts of movement and changes going on. It was quite obvious that the way in which the licence fees had been constructed previously did not accord with the actual reality in the market, because the information that was available to anybody looking at it was only the information that you could glean from looking at the licences, which, as it turned out, had very little to do in some cases with what these people were actually doing.

That was flushed out by the original announcement about the increase in licence fees. As a result of that, and as a result of listening to what people had to say, we thought we could improve on the model, and that is why the announcement was made. I am advised that over 80 per cent of premises, including country hotels and sporting clubs, will pay \$700 or less. In fact, it is estimated that 50 per cent of all licensees will only be required to pay \$100 or less, but for the very big venues that stay open very late they will be paying over \$10,000.

Mr GOLDSWORTHY: Thank you, minister, but you did not actually answer my question. Have you been able to make a calculation on what the new fee schedule will raise in terms of income? As you know, it was going to generate \$3.6 million.

The CHAIR: The minister is so excited by the policy outcomes that he forgot the detail.

The Hon. J.R. RAU: It was useful that we went through all that rigmarole before, because our best estimate is that we should achieve that. However, I said at the time of the media release that, if it turns out that we don't, we will have to revisit this. The critical issue in all of this is, yes, we have reduced licence fees in some areas. However, there are businesses that will stay open now that would not have stayed open before and will therefore be paying a licence fee. There are swings and roundabouts in this whole thing.

My advice is that this should achieve the target, but I acknowledge today, as I did when I made the announcement in the chamber on I think you said the 12th, that we will have to keep an eye on this. For the reasons I explained, this is a very flexible business we are dealing with here. People will close or open at 2am or 4am or after; they will have numbers of 100, 200, 400, whatever. They can vary any of those things and change the impact of this fee structure on them. We are just going to have to see what adjustments they make in their businesses over the next 12 months.

Mr GOLDSWORTHY: Surely with the original fee schedule you proposed, there must have been a calculation made on that that it would generate \$3.6 million. I am no expert in this, but having a look at the restructured fees it seems to me that there is a whole swag of businesses out there with licences that will have a significant reduction in the fees they have to pay—particularly the small bars and clubs that were up for \$5,000 plus. By my calculations, if they stay open after 4am they will be paying \$2,100, because there is \$700 straight up, then after 2am it is another \$700 and after 4am it is another \$700. So those fees are—

The Hon. J.R. RAU: That's with up to 200 people.

Mr GOLDSWORTHY: —reduced by 50 per cent. I do not have the figures in front of me but there is a fair number of those businesses out there that fall into that licensing category.

The Hon. J.R. RAU: Correct.

Mr GOLDSWORTHY: So I think your comments are quite relevant, that you will have to keep a close look at this. I am not convinced that you will generate \$3.6 million from it. If you do not, the next question is: with the difference between what we do generate and the \$3.6 million, will the budget just run on at that decreased amount or will you look to generate it from other areas, in terms of fines and penalties and things like that?

The Hon. J.R. RAU: I do not think I can take it much further other than to say that this is something we are going to have to keep an eye on. As it turns out, I think the original model probably would have seen a number of people restricting their licences or in some cases, they say, not trading. That would have produced a substantially lower yield, perhaps, even though the numbers look higher, because you would have fewer people paying.

The trade-off is between having a smaller number of people pay a bigger amount or a bigger number of people paying a smaller amount. We have gone for the second model, broadly. However, I acknowledge that we are going to have to keep an eye on it, no question.

Mr GOLDSWORTHY: Have you forecast, through this next financial year, the 2012-13 year, that if you do not generate \$3.6 million where you will find it or—as I said, repeating the question—will you run the budget down by that amount of money, whether it is a million dollars or whatever?

The Hon. J.R. RAU: It would have to be discussion for the next budget. In some respects it is a little bit like property taxes; we cannot be sure whether there is going to be a strong or a weak property market in any given year, for instance, so stamp duty on sales of properties will fluctuate from time to time according to the amount of activity. Here, this fluctuates according to the amount of activity in different sectors of the market—how late you want to stay open, how many

people you have in your building, etc., even what kind of licence you have, whether you have a hotel licence, a producer's licence, a restaurant licence, a club licence, or a limited licence. They are all different. I am not trying to avoid the fact that we have to keep our eye on this, no question.

Mr GOLDSWORTHY: When do the new fee notices go out? Is it the end of July?

The Hon. J.R. RAU: Yes, but they do not have to pay until 31 December. The invoice is in October and the payment is 31 December.

Mr GOLDSWORTHY: So you will be running six months' behind the time period?

The Hon. J.R. RAU: They are collected for the financial year though.

Mr GOLDSWORTHY: The original notices went out in April saying, 'On our calculations, in terms of your licensing conditions and so on, this is what we calculate you have to pay.' That brought the response from the licensed premises saying, 'This is all far too onerous and it is going to be the end of us,' and so on, and I can certainly understand that argument. Those amounts, correct me if I am wrong, were meant to be paid by the end of July?

The Hon. J.R. RAU: They were.

Mr GOLDSWORTHY: So you will be getting in that cash pretty much at the beginning of this current financial year, the 2012-13 year.

The Hon. J.R. RAU: It will be later in the year, but in the same year.

Mr GOLDSWORTHY: We only have only six months to gauge it between December and the following June. I agree with you that it is probably not until the end of this budget year that you will know where you are in relation to it. I understand the explanation you provided in relation to my first question where you did not actually answer the question initially, but were the criteria used for the initial fee schedule based on a risk assessment that the longer you stay open and the more people you have in your venue, it increases the risk of antisocial behaviour? Was that one of the criteria that you used to set the initial fee structure? To me, it seems like it is because the bigger you are and the longer you stay open, the higher the fees you pay.

The Hon. J.R. RAU: True. You can call it whatever you like but the way we were characterising it was as a contribution to the administration cost recovery, in effect. The cost to the system of managing those venues is proportionately greater than the cost to the system of managing the ones that are smaller or close earlier. It may well be that they are riskier places as well, but the information we have is that if you were trying to work out where the outgoings in terms of administration were most focused, they would be clustered more in that late-at-night, larger venue.

Mr GOLDSWORTHY: That was partly the basis on which you formulated that fee structure?

The Hon. J.R. RAU: Yes.

Mr GOLDSWORTHY: What criteria did you use when you rejigged the fee structure?

The Hon. J.R. RAU: It is exactly the same. For example, I will just take you back to the hotels trading after 4am with more than 400 people. They are paying exactly the same.

Mr GOLDSWORTHY: \$10,700.

The Hon. J.R. RAU: Yes.

Mr GOLDSWORTHY: When you come back to the next level, if you like—

The Hon. J.R. RAU: It is less.

Mr GOLDSWORTHY: —under 400 and you are over 2am, what do you pay then? Is it \$1,400 or something?

The Hon. J.R. RAU: There are two steps of \$1,400 after the initial \$700. So, \$700 plus \$1,400 is \$2,100 plus another \$1,400, which is \$3,500.

Mr GOLDSWORTHY: After 4am?

The Hon. J.R. RAU: After 4am.

Mr GOLDSWORTHY: What was it before—\$5,700?

The Hon. J.R. RAU: It would have been \$10,700. There was no difference. That is where the change has been, in those venues—

Mr GOLDSWORTHY: That middle band.

The Hon. J.R. RAU: Yes; I am looking particularly at hotels here.

Mr GOLDSWORTHY: It applies to bars and clubs as well.

The Hon. J.R. RAU: Yes, we are looking at the special circumstances entertainment venues and so forth. So, that is the area where it has been lightened off.

Mr GOLDSWORTHY: You reassessed those venues' risks?

The Hon. J.R. RAU: No, the only thing that has changed is the differential in the contribution to the cost of administration that we are landing on that particular cohort of people as opposed to others.

When you have a series of step-ups, to some degree you have to pick a number. You cannot have a completely sliding scale which goes from \$1 to \$100,000 and is applied with certainty to everybody, so you have a series of step-ups. You or anyone else might argue with us about saying that between 200 and 400 people is a step-up. You might say it should be 150 to 350.

That is probably not an invalid argument, but we just pick these numbers because there seems to be a general consensus out there that between 200 and 400 people is a materially different sort of place from a place for up to 200 people, and then the place for above 400 people is a materially different place from one for between 200 and 400. There is no real magic in those numbers, but it is a—

The Hon. M.J. ATKINSON: It's the vibe.

The Hon. J.R. RAU: It's the vibe, exactly.

Mr VENNING: In relation to the inspection of licensed premises, Budget Paper, Volume 1, inspections have always been a pretty topical thing in my electorate. Minister, how many are there and how often do these inspectors work, and are these inspections done in the wee small hours, or are they just done during the working hours?

The Hon. J.R. RAU: I will get the details for you in a moment, but something we need to be clear about is that inspections of hotels are not only conducted by the liquor licensing people. SAPOL also from time to time conducts inspections of hotels and, I am led to believe, they occasionally pinch people for—

Mr VENNING: Is SAPOL aware of the licensing requirement of the hotel though? Do they know the detail of that licence?

The Hon. J.R. RAU: I am not sure.

Mr VENNING: I do not think they do.

The Hon. J.R. RAU: You would have to direct that to them, but I think they are aware of some of the offences. For example, they would realise that standing in the middle of a footpath and drinking a yard of beer or something was an offence, and they know what time places' licence to serve alcohol finishes at and things like that. What normally happens, as I understand it, with the CBS people is that they go out and do a series of checks in areas. I can give you an example. Licensing actually puts together operations where they go out into different areas. A recent one was when they went to the Balaklava Cup.

Mr GRIFFITHS: Great event.

The Hon. J.R. RAU: Yes. There were three pairs of inspectors, and they went around to ensure that the buses and marquees were compliant with the licensing requirements. They visited licensed premises to remind licensees about their obligations and responsible service of the alcohol.

There was another one in the Riverland, where there was covert surveillance of 23 licensed premises on a Friday night within the towns of Renmark, Berri, Loxton and Waikerie. The following day, they revisited the premises, made themselves known and then performed an inspection on the premises. Then we have had Operation Limestone. Do you want to hear about Operation Limestone?

Mr GRIFFITHS: Limestone Coast, I'll bet.

The Hon. J.R. RAU: Yes, that was down at Mount Gambier, Penola, Millicent and Naracoorte, and involved three pairs of inspectors and 160 unannounced inspections over three days—covert surveillance. I think in that one, as I recall, they thought the compliance was pretty good. So they are out and about doing these things, but the police are also in that space from time to time.

Mr VENNING: Minister, I refer to the same line on the same page: why is it not a condition of a licence that a licensee provide his patrons with access to a breathalyser? That is what they are going to need out on the road. I know there is always the discussion about accuracy, but at least the licensee can say, 'This is only an indicator,' because a lot of people have no idea. I do have my own, and after a while you get to know. Say, for \$1,000, why is not mandatory that a person selling alcohol has a breathalyser?

The Hon. J.R. RAU: I do not think it is really my job or the commissioner's job to—

Mr VENNING: But you are the minister.

The Hon. J.R. RAU: I know. We could certainly say to licensees, 'A little thing that you might be able to do to make your place a safer venue for your clientele is to install one of these things,' absolutely, but to actually compel them to do them as a condition of the licence is fairly heavy-handed.

Mr VENNING: I think after a certain hour it would be a good idea; if you are going to trade after midnight, you should have to have one.

The Hon. J.R. RAU: Actually, the commissioner makes a good point. If it turned out that that device was not correctly calibrated—

Mr VENNING: Only an indicator; that is true.

The Hon. J.R. RAU: —and the person blows in there and thinks they're laughing—'Beauty, I'll have another couple of pints,' and they wander down the street to discover that the decimal point is in the wrong spot on the machine in the hotel—

Mr VENNING: I am an experienced boozier; if you are anywhere near the mark, you do not go near it. You do not even get close.

Mr GOLDSWORTHY: I just want to ask a couple of questions in relation to these new fees—or this new tax, as we could call it, because that is what it is. It is somewhat confusing how you arrived at the figure of \$3.6 million, because you do not know that the old fee schedule or the new, revised fee schedule is going to generate that amount of money. How did you come up with that figure in the first place? Was it because—if we have a look at the budget figures—you want the actual operation of liquor regulatory services to be cost neutral? Because that is pretty much what happens when you add the \$3.6 million to the budget.

The Hon. J.R. RAU: How was the fee arrived at? I can tell you what did not happen: I did not come up with it.

Mr GOLDSWORTHY: Who came up with it?

The Hon. J.R. RAU: It was something—

Mr GOLDSWORTHY: You have all your officers here.

The Hon. J.R. RAU: No, I am advised it was a result of discussions between the commissioner's office and Treasury, and it was their best guesstimate as to how to achieve that outcome. For the reasons that I have already been very upfront about, it turned out that the original model was based on a number of very, very unreliable assumptions. I think this model has more rigour to it. I think this will actually be a more predictable model, and I repeat again: we are going to have to keep an eye on it, no question.

Mr GOLDSWORTHY: The only reason you really changed it was because of the strong representation from the sector within the industry, being the small bars and clubs. Really, the original fee structure was going to be the death of them because they could not actually afford to pay the fee.

The Hon. J.R. RAU: I think, in fairness—

Mr GOLDSWORTHY: You have to admit, you absolutely must have had some really strong representation not only to your office but to the Premier's office, yes?

The Hon. J.R. RAU: From my point of view, of course I listened to people who complained about the thing, and I think it is my job to do that. The fact is that—at the risk of being repetitive—the reason it got to that point was, even though everyone was told, 'Here's what the new regime is going to be; here's what is going to happen,' there was basically silence out there in licensee land. Nobody is tuned into the story at all, right? Then they get their notice from the commissioner here and they say, 'My God!' and they suddenly start checking the conditions of their licence—the first time their minds are really focused on the issue. I am not blaming them—

An honourable member interjecting:

The Hon. J.R. RAU: Exactly. I am not blaming them, but that was also the first time we got any feedback, or the commissioner got any feedback, about all of these people who have licences that go way beyond the time that they actually need them and the people who would possibly have to shut down or the people who didn't need a licence for 400, they could do with 200. All this information then started coming in at the same time and, yes, people complained and of course I listened to them—and I have improved it, I think. That is my take on it.

Mr GOLDSWORTHY: Doesn't that go to the issue of consultation, though, minister? I have an understanding that the AHA and the Restaurant & Catering Association had some input into how the initial fee structure was set, but what consultation did you or the agency do with that sector of the industry that was potentially going to be affected the most and made the strongest representation in terms of the small bars and clubs? We got representation as well. Those small bars and clubs do a fair bit of their business after 2am and some of them even after 4am. They might only have a licence for 150 people, so they are in the initial bracket. Did you go out and consult with them because it does not seem that you did, hence the massive backlash when the notices went out?

The Hon. J.R. RAU: I am not arguing with anything you are saying about the fact that there was a very strong response that came out and appeared to come out of nowhere. All I am trying to explain is that the consultation did not appear to register with that group of people until they found out how much was going to be billed to them personally. I do not think they were tuned in before that.

If the question is: have we learned something from this, and in the future if we are dealing with people in that space again, will we have a different strategy for communicating with them? Absolutely we will, but at this stage we had stuff on the website, we had letters going out, we were talking to people, but you know if you are talking to somebody but they are not listening and you do not attract their attention, there are a number of possibilities. One is that they are just not listening, the other is that you are not speaking their language. Who knows? But for whatever reason, the commissioner did attempt to engage with people. They were not particularly tuned into this story until they got the 'finos' at which time they tuned in—

Mr GOLDSWORTHY: Big time.

The Hon. J.R. RAU: —big time.

Mr GOLDSWORTHY: So the consultation with that sector of the industry could not have been effective.

The Hon. J.R. RAU: I agree. It was not as effective as it should be, and we have learnt something out of that.

Mr GOLDSWORTHY: Compared to the hotels and the restaurants and—

The Hon. J.R. RAU: Yes but you see there is another dynamic going on there as well, because the hotels have the Hotels Association which looks after them as a group of people whereas the people you are talking about here tend to be atomised. They are individual people. They are not as easy to get in a room or not as easy to reach through a lobby group or whatever, so to some extent you have to chase them down one by one which is bit of a different proposition to dealing with Mr Horne or somebody. You just ring him up and whether he or Mr Hurley speaks for them all, I do not know, but they certainly have some relationship with them.

Mr GOLDSWORTHY: I know what you are saying but that is a little bit irrelevant because the Premier has said that you will be a government of consultation. Whether it is easy or difficult to consult, you still should be able to achieve effective communication in relation to consultation.

The Hon. J.R. RAU: I think that is the objective and I have certainly learned a lesson about how we communicate with this group of people. I am constantly surprised about consultation. You put out a discussion paper which you think people might read, you put it on your website and

you invite people to write back within six weeks. You then say, 'Here is the draft bill,' and the draft bill goes out. You introduce it into parliament, it goes through the lower house of parliament and then all hell breaks loose in the Legislative Council where people say for the first time, 'Why didn't you tell us about this? You have snuck up on us.' It happens all the time.

It is a different matter, but in respect to the Barossa Valley you would not believe how many different opinions the council up there has had about a matter, and we have been talking to them constantly. Every time we talk to them they say, 'You never talk to us.' The objective of consultation is terrific, but the method you use to get effective consultation will vary from group to group, and one method does not work for every group. I am the first to say that I have learned something about how to communicate with this group of people, but it was not through a lack of interest in these people or an attempt to be cavalier about their views that things were not dealt with as adequately as they might have been in the first place. Frankly, I do not think they were tuned in.

The CHAIR: Unless there is one more burning question, I am about to close this section off.

Mr GOLDSWORTHY: Yes, just one more if I may.

Mr VENNING: One each.

The CHAIR: Not one each.

Mr GOLDSWORTHY: Changing the subject, I want to ask one question about the Residential Tenancies Tribunal, which is page 30. I know there have been issues raised with the Residential Tenancies Tribunal about their performance, and I know you have the discussion paper out there in terms of amendments to the act and so on.

The Hon. J.R. RAU: And somebody one day in about three months will say I did not consult about this either. Mark my words.

Mr GOLDSWORTHY: Maybe. That might be the case, minister. You have to improve on your consultation process. I know you put the discussion paper out and that you recognise that there have been some issues with the performance of the tribunal, and there is obviously a lot of information through various sources and the like, but is part of the problem the actual performance of the tribunal members themselves?

I know that they used to start at 9.30 and now they are starting at nine, and that they were encouraged not to write reports and all sorts of different things and they are still doing it. Is that part of the issue with getting matters heard at the tribunal and pushing through the backlog? I understand there has been a five-week wait and there is about a three to four-week delay now, when previously it was about one or two weeks. It is still not performing at its premium. Are there still some really grassroots issues within the tribunal in terms of the performance of the members? Because I think there is.

The Hon. J.R. RAU: That is a very good question. I do not want to reflect on any member of the tribunal because, frankly, I do not have personal knowledge of any deficiency by any individual in that body.

Mr GOLDSWORTHY: No, but collectively?

The Hon. J.R. RAU: There is no doubt that the way in which the body has functioned has not been adequate from the point of view of the service that the community expects from that body. We have spoken to them about this and work has been done with them to improve their performance in a whole range of areas.

There is a change in the way in which they are being encouraged to do their work (and I do not want to take up too much time with this) and one is that we are trying to organise more in court conciliation or in tribunal type conciliation work. We are trying to have multiple matters resolved in single sittings, reduce the number of disputes actually requiring a determination by the tribunal, reducing the waiting times, providing a framework for parties to resolve their own disputes with some sort of support, and reducing the number of applications to vary or set aside an order or determination by the tribunal, thereby increasing the availability of members of the tribunal to do other work.

So we have a number of things in train but that alone, I do not think, is enough; we have to do more. That is part of the reason we have that discussion paper out because there are things in there that will make things better as well. I do not think I have made any secret of this, but in the

fullness of time the duties performed by this tribunal may ultimately wind up in a broader administrative tribunal in South Australia, which would be a complete culture change for this area. That is not going to happen tomorrow or next week or next year but it is something that is on the horizon, as well.

I acknowledge that the performance here has been less than adequate. We are trying to do something about it. We are going to keep watching them and if anybody has constructive suggestions about how we can improve it more, I would encourage them to write in the context of that review. I issue the invitation to you personally: if you have ideas about how we can actually streamline or improve things, it is a wonderful opportunity in the context of the review of the Residential Tenancies Act for us to try and get some of those measures in.

The CHAIR: I have already taken your advice and written to you about that, minister. Does anyone have any questions about the IGA—not your local supermarket—but the Independent Gambling Authority? Okay, we can open and close that one, too. Thank you. I declare the lines closed and we will adjourn until 9am tomorrow. Thank you minister, thank you members and thank you to all the advisers.

At 21:37 the committee adjourned until Thursday 21 June 2012 at 09:00.