

HOUSE OF ASSEMBLY
Wednesday 26 June 2013
ESTIMATES COMMITTEE A

Chair:

Hon. M.J. Wright

Members:

Hon. J.D. Hill
Ms Z.L. Bettison
Mr S.S. Marshall
Mr L.K. Odenwalder
Mrs I.M. Redmond
Mr P.A. Treloar

The committee met at 10:30

LEGISLATIVE COUNCIL, \$5,575,000
HOUSE OF ASSEMBLY, \$8,615,000
JOINT PARLIAMENTARY SERVICES, \$13,915,000

Witness:

Hon. J.W. Weatherill, Premier, Treasurer, Minister for State Development, Minister for Public Sector, Minister for the Arts.

Departmental Advisers:

Mr M. Lehman, Clerk, House of Assembly.

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

Mr B. Morris, Executive Director, Corporate Operations and Governance, Department of the Premier and Cabinet.

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

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 minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 27 September 2013. I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each.

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

There is no formal facility for the tabling of documents before the committee, however documents can be supplied to the Chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response.

I also advise that, for the purposes of the committee, television coverage will be allowed for filming from both the northern and southern galleries. 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. I will then call on the Leader of the Opposition to make a statement.

The Hon. J.W. WEATHERILL: Thank you, Mr Chairman. With me I have, on my right-hand side, Mr Malcolm Lehman, Clerk of the House of Assembly, and on my left hand side, Mr Jim Hallion, Chief Executive of the Department of the Premier and Cabinet and next to him Mr Bret Morris, Executive Director of Corporate Operations and Governance.

I do not have a formal opening statement but I do want to indicate how much I and, I am sure, my colleagues appreciate the service that is provided to us by the officers of the house, not only this year but over many years. Sometimes their dedication and commitment need to be more fully recognised because we are all so reliant upon the services that they provide to ensure that the parliament runs in a smooth and effective fashion, especially when parliament is not sitting, which is the less visible part of the work when committees are meeting, but also when parliament is sitting.

The services of Hansard, the parliamentary library, the research unit, the attendants, the catering staff and a whole range of people really make Parliament House work in an effective fashion. They, of course, have to put up with a lot: they have to put up with us. They do a fantastic job and I would like to thank them for their work.

The CHAIR: Does the leader have any opening remarks?

Mr MARSHALL: No, sir.

The CHAIR: We can go straight to questions.

Mr MARSHALL: My question relates to Budget Paper 3, page 158, and it relates to the costs of the select and standing committees. Can you provide a breakdown of the costs associated with the select and standing committees, including staff costs and other costs?

The Hon. J.W. WEATHERILL: We will have to take that question on notice.

Mr MARSHALL: Taking that on notice—will that be broken down by committee and by expense line, including staff costs, travel expenses, other expenses and driver expenses?

The Hon. J.W. WEATHERILL: Yes, we can provide that information.

Mr MARSHALL: My next question relates to Budget Paper 3, page 158. There is quite a substantial differential between the 2012-13 budget and the 2012-13 estimated result under the Joint Parliamentary Services line—\$14.3 million budgeted against \$16.16 million estimated result. Can you outline the reason for that differential?

The Hon. J.W. WEATHERILL: I think that the variation between the two sums you mention is \$1.856 million, and that is accounted for by \$900,000 additional funding for the treatment of asbestos in this chamber and \$956,000 unused accrual appropriation used for the restoration and refurbishment of Old Parliament House.

Mr MARSHALL: But isn't the total amount budgeted for the refurbishment of Old Parliament House the same this year as it was last year? Was it just pulling forward some of that expenditure?

The Hon. J.W. WEATHERILL: It is essentially a carryover. So, it is money that was not spent in the previous financial year that fell into the financial year under consideration.

Mr MARSHALL: Is it part of a delay in the completion of the project from June 2013 out to June 2014, so that some of that expenditure moved from the previous financial year into the current financial year?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Also Budget Paper 3, page 159, regarding the Governor's establishment: is it correct that there is a plan to move the northern wall, or part thereof, of the Governor's property a few metres to the south to accommodate a war memorial walkway immediately to the north of Government House and, if so, what is the cost, when will works commence and be completed, and from which budget line do the funds come?

The CHAIR: I inform the member that is a different line, and that has not been opened yet.

Mr MARSHALL: I have no further questions regarding the lines that are open.

The CHAIR: Any questions from the government?

The Hon. J.W. WEATHERILL: No.

The CHAIR: We close the section we have just been doing—Legislative Council, House of Assembly, Joint Parliamentary Services. There being no further questions, I declare the examination of the proposed payments completed.

STATE GOVERNOR'S ESTABLISHMENT, \$3,456,000

Witness:

Hon. J.W. Weatherill, Premier, Treasurer, Minister for State Development, Minister for Public Sector, Minister for the Arts.

Departmental Advisers:

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

Mr B. Morris, Executive Director, Corporate Operations and Governance, Department of Premier and Cabinet.

The CHAIR: I declare the proposed payments open for examination. Does the Premier wish to make any opening remarks?

The Hon. J.W. WEATHERILL: Yes, sir. His Excellency, supported by Mrs Scarce, has continued a very busy program of engagements, amounting to 840 in 2012, and an ever busier program in the current year to date. In 2012, the Governor's 22 regional and rural visits enabled 100 engagements with local communities.

In July, his Excellency the Governor, accompanied by Mrs Scarce, conducted an in-depth regional tour of the APY lands. Over five days, His Excellency and Mrs Scarce toured schools, medical clinics and community arts centres in most of the APY communities. They discussed issues faced by the community with local people, staff at different facilities, and the APY executive.

His Excellency and Mrs Scarce are patrons to over 235 South Australian organisations, including veterans associations, cultural organisations, sporting associations, and community charities. Other key areas of focus have included the promotion of maths and science education, support for young leaders and Indigenous young people's employment, and support of the state's defence industries.

Government House and its grounds have continued to be made accessible, with nearly 22,000 visitors last calendar year. Many of those visitors were the official guests of His Excellency and Mrs Scarce at formal functions, receptions and ceremonies. However, over 9,000 South Australians took advantage of two open days and public tour opportunities to visit and tour the house and gardens.

In March of last year, His Excellency and I co-hosted a large reception on the grounds of Government House to celebrate the Diamond Jubilee of Her Majesty the Queen. Invited guests represented the breadth of the South Australian community, and included two student representatives from every secondary school in the state.

Upon the visit of Their Royal Highnesses, the Prince of Wales and the Duchess of Cornwall, His Excellency the Governor and Mrs Scarce hosted a reception for 800 South Australians in the grounds of Government House. This was a highly successful event, being Their Royal Highnesses' final engagement in South Australia. In accordance with the wishes of Clarence House, His Excellency's guest list for this event primarily included South Australians who have been recognised for their service to their community.

Government House continues to be meticulously maintained as the premier location at which the Governor can acknowledge and reward the community's achievements and host influential visitors. In 2011, the Governor hosted numerous overseas trade and diplomatic delegations, including the United States Secretary of State—where I was pleased to present her

with a Port Power guernsey; some would disagree with that contribution! In this way, the stylish impact of the house has been used to the benefit of the state's profile.

Cognisant of the current fiscal environment, the State Governor's Establishment uses resources prudently, and continues to seek ways to improve the cost-effective delivery of its operations.

The CHAIR: Does the leader wish to make any comments?

Mr MARSHALL: No, sir.

The CHAIR: Do you want to proceed to questions?

Mr MARSHALL: My question relates to Budget Paper 3, page 159. Is it correct that there is a plan to move the northern wall or part thereof of the Governor's property a few metres to the south to accommodate a war memorial walkway immediately to the north of Government House? If so, what is the cost, when will the works commence and be completed, and from which budget line do funds come?

The Hon. J.W. WEATHERILL: I am familiar with the idea of an ANZAC war memorial walk. It is a proposal only; in fact, it has been a proposal that has been around in different forms over a number of years. It was formulated by the RSL and the Adelaide City Council, with the involvement of Veterans' Affairs SA. No formal proposal has been presented for consideration, and no final project costs have therefore been formulated.

Mr MARSHALL: When will the government be making a decision on that?

The Hon. J.W. WEATHERILL: When I think the consultations—in particular, the consultations with the Governor, because it obviously has a very significant effect on the way in which that boundary of Government House operates, and there is a concluded proposal, and then there is consideration given by government to it. So, we are not at that phase yet, and I do not have a timeline of when that will be concluded.

Mr MARSHALL: No further questions.

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

AUDITOR-GENERAL'S DEPARTMENT, \$16,016,000

Witness:

Hon. J.W. Weatherill, Premier, Treasurer, Minister for State Development, Minister for Public Sector, Minister for the Arts.

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.

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

The CHAIR: I declare the proposed payments open for examination. I call on the Premier to make any opening remarks that he may wish to make.

The Hon. J.W. WEATHERILL: First if I might introduce, to my right, Simon O'Neill, the Auditor-General, and just make a set of formal remarks, which are that the Estimates Committee for the Auditor-General's Department is customarily not the occasion for the review or discussion of matters relating to agencies of government that are the subject of audit by the Auditor-General. Matters relating to other departments and statutory authorities should be raised with the responsible minister at the estimates hearing for the respective departments and statutory authorities.

As members will appreciate, pursuant to the Public Finance and Audit Act 1987, it is a matter for the Auditor-General to determine the scope of audit review activity relating to the public accounts and he is accountable to the parliament in these matters. Accordingly, it is customary for

the Auditor-General to respond directly to questions raised by members of the Estimates Committee in respect of the personal discharge of his statutory responsibilities associated with the operations of the Auditor-General's Department. In consideration of these issues, I, of course, reserve the right to respond to any questions as I see fit.

The CHAIR: Leader?

Mr MARSHALL: Did the government gain the Auditor-General's approval prior to the launch of their \$180,000 Big Build website, given the requirement that the Auditor-General must approve advertising spends of over \$50,000?

The Hon. J.W. WEATHERILL: Can I just perhaps respond to that by saying it is not ordinarily the case that the Auditor-General gets involved in pre-approving matters. Certainly, in the recollection of the Auditor-General, he has not had any role in these matters, but it is not customarily something the Auditor-General does. Fundamentally, the Auditor-General reviews matters. He does not involve himself in pre-approving matters and processes, because otherwise it would undermine his capacity to carry out an audit at the conclusion of something if he was involved at an early stage. I do not know where that proposition comes from, but it certainly is not something that the Auditor-General is customarily involved in and has no recollection of being involved in on this occasion.

The CHAIR: Can I just remind the leader that he must refer to lines of expenditure in the budget papers and must be identifiable or referenced.

Mr MARSHALL: It is Budget Paper 4, Volume 1, page 71, Auditing Services, sir. When can we expect your government advertising review to be completed?

Mr O'NEILL: We are currently finalising aspects of that review, and I would anticipate relating on the findings firstly in the natural justice process with the Chief Executive Officer of the Department of the Premier and Cabinet within the next four weeks, and then, depending on the outcome of that natural justice process, reporting on the matter either in my annual report or a supplementary report to parliament.

Mr MARSHALL: So, when do you envisage—

Mr O'NEILL: That would either be before my annual report to parliament, which is generally tabled in mid-October, or prior to that day.

Mrs REDMOND: Just on that same page, which is page 71 of Volume 1 of Budget Paper 4, could I get an explanation as to what is meant by that little note at the bottom of the page relating to 'Net gain or loss from the disposal of assets^(a)':

- (a) The treatment of a net loss from the disposal of assets as income varies to the treatment in the Auditor-General's Department audited financial statements which treat a net loss from the disposal of assets as an expense.

Mr O'NEILL: For budget paper reporting purposes, that minus 10 reflects a net loss on disposal of assets but it is shown as a minus income item, so a negative income item. When we report in a general purpose financial statement process it would be shown as an expense. So, it is a negative income item or an expense.

Mrs REDMOND: What did we sell that gave us a net loss?

Mr O'NEILL: Essentially, every two years we replace our laptop computers. We utilise automated tools (laptop computers) in undertaking our audits. They are generally replaced on a two-yearly cycle and there may be a loss or a gain on disposal of those laptop computers.

Mrs REDMOND: Does every department replace their computers every two years?

Mr O'NEILL: It does vary, but I am not aware of what may or may not relate in terms of asset disposal, particularly with laptops with other agencies, but we replace ours every two years to update capacity and refreshment of the software tools that we use on those laptop computers.

Mr MARSHALL: On that same reference, Budget Paper 4, Volume 1, page 71, Auditing Services, in your next report to the parliament will you be investigating the government's true deficit position, with specific reference to the government's increasing use of grant money coming in as revenue but going out as capital, which some would suggest paints an incorrect picture of the true state of the deficit?

The Hon. J.W. WEATHERILL: I will give the first part of the answer and then I will invite the Auditor-General to supplement it. The accounting standards dictate how we present funds that

come from the commonwealth in our accounts. So, they come in as revenue and they go out as capital expenditure. To the extent that that is the subject of review, it really is in the hands of the accounting standards and, to some extent, they are immutable and our obligation is simply to apply them. However, if your question travels beyond that perhaps you could clarify: what are you saying beyond that?

Mr MARSHALL: I am happy to hear from the Auditor-General on those comments.

The Hon. J.W. WEATHERILL: If you could perhaps assist with your question. Does it travel beyond the accounting standard treatment?

Mr MARSHALL: No, that is the issue: that you are bringing in revenue in a single year but then you are debt financing the actual capital project. By using that treatment you are essentially reducing the size of the deficit by the amount of the grant that comes in in that year. So, you are bringing it in as revenue but you are not expensing it out.

Mr O'NEILL: You would be aware that as part of my annual statutory reporting obligation I do submit part C of the report, which relates to state finances, and I do include commentary in part C of the report on all matters of state finance—that is both revenues and expenditures and the issue relating to debt. The matter that you referred to will be taken into consideration in reflecting any commentary in the current report. That relates to the collection of grants and the matching of the revenues with the expenditures and the alternative application of those moneys to other areas of the public accounts.

Mr MARSHALL: Have you scrutinised the government's GST revenue assumptions that sees it earning \$1.5 billion extra over the forward estimates above what the commonwealth government predicts that we will earn here in South Australia?

The Hon. J.W. WEATHERILL: The explanation for that—and I invite the Auditor-General to supplement these remarks if he wishes—is that essentially they are the same figures but adjusted for the washing out of the receipt by the South Australian government of capital expenditure which exceeds our national share. That has the effect of adjusting the GST receipts downwards.

Once they are washed out of the GST estimates, over a period of time that leads to higher levels of GST coming to South Australia without any other assumptions being disturbed. So, it is not a question of not adopting the commonwealth's estimates of GST. It is taking their estimates of GST, but adjusting them for the effect of the artificial reduction in our GST receipts through what we receive for the horizontal fiscal equalisation application of that formula. Essentially, it is normalising receipts that we would otherwise have received from the commonwealth.

Mr MARSHALL: I understand that explanation, but my question was really whether the Auditor-General would be scrutinising that explanation?

Mr O'NEILL: Similar to my comment just previously with respect to the collection, receiving and reporting on commonwealth grants, that matter will be subject to review and comment in my report if I consider it deemed to be necessary.

Mr MARSHALL: Will you also be looking at the assumptions that the government made in the budget regarding stamp duty revenue growth and payroll tax revenue growth?

Mr O'NEILL: We will be looking at all of those matters and commenting on those where we consider it necessary.

The Hon. J.W. WEATHERILL: I might just add by way of response, on the morning of the day after the budget where we had a forum to discuss both the economic growth forecast and the revenue estimates, we were attending a public forum where the chief economist of St George Bank expressed the opinion that he regarded revenue estimates and growth estimates to be conservative and reasonable.

Mr MARSHALL: A question regarding Shared Services: can you confirm that in this year's audit report you will be reporting how Shared Services have progressed against their initial savings targets from the 2006-07 budget, not just the revised savings targets?

Mr O'NEILL: Consistent with previous years' reporting and since the inception of Shared Services, I will be reporting on that matter and looking at savings realisation of avoidable expenditures from its inception in 2006-07, yes.

Mr MARSHALL: Just a question regarding the privatisation of the South Australian Travel Centre: what is the status of the auditor's investigation into this and what can we expect in this

year's report; and are you satisfied that the South Australian Travel Centre implemented your recommendations?

MR O'NEILL: As I commented in one of the volumes—Part B of the annual report for 2011-12—we had completed our review of the examination of the procurement aspects of the travel centre just around about the same time, or subsequent to the submission of that report. So that matter has been finalised and I will be reporting on that matter to parliament.

Mr MARSHALL: Are you auditing the payments in relation to this soon to be mothballed desalination plant, including the operation and maintenance payments and payments under the renewable energy contract?

The Hon. J.W. WEATHERILL: The first thing is that these questions contain within them matters which are contentious. The premise that the desalination plant has, or will be, mothballed is contested, so I think the question should not be framed in a way that it contains a premise that is controversial. In relation to the broader question about whether the Auditor-General is reviewing the whole question of the desalination plant, I am content for the Auditor-General to answer that question.

Mr O'NEILL: The ADP project, as we are all aware, is a significant project and has been subject to comment in my annual reports to parliament. Matters relating to the various contractual arrangements and financial transactions associated with those arrangements are subject to review and are presently being reviewed and, again, will be reported on in my annual report to parliament.

Mr MARSHALL: Just with regard to the mothballing issue, though, Premier, your own government documents refer to mothballing. What is the status of the project?

The Hon. J.W. WEATHERILL: It is not a matter that is presently under consideration in these estimates, but can I say that—

Mr MARSHALL: So it is not contentious.

The Hon. J.W. WEATHERILL: —we are producing significant quantities of water. The only proposition that led to all of the public debate about whether or not the desalination plant should be on standby was an estimate of what was expected to happen over the next three years for the purposes of determining the pricing for SA Water's three-year price path and an estimate had to be made about the expected future use of the desalination plant. Assumptions were made that that plant would be on standby.

Now having factored in also the production of water over the period leading into its warranty, so for a couple of years of the three-year period it is producing very substantial quantities of water as it runs through its warranty period, and for the remaining period of that time it is estimated to be on standby. But all of these matters are subject to the climatic conditions and the demands for water that would exist at that particular time. No decision has been taken to put the plant on standby and there are certain presumptions made about future expected use, but all of those are subject operationally to where we are in the cycle in terms of how much water we need.

The CHAIR: I remind the leader that he should be providing us a budget line when he is going down a particular path of questioning.

Mr MARSHALL: I refer to Budget Paper 4, Volume 1, page 79: Auditing Services. It has been reported recently that the commonwealth Auditor-General looked at the issue of the commonwealth funds flowing to our doubling of the desal plant here in South Australia and found that there was no robust cost-benefit analysis done and, in fact, Infrastructure Australia recommended against the project. Has the Auditor-General in South Australia done any similar analysis on the project and whether it is a good use of our South Australian funds?

The Hon. J.W. WEATHERILL: Once again, that contains a number of premises which are contested and just plainly wrong. The misunderstanding that the question proceeds upon is that we have been seeking a range of funds to assist the South Australian government in the building of a desalination plant of an appropriate size for the future needs of the state. There are number of funds that we applied for which, because of the rules of those funds, meant that it was unlikely that we were going to achieve the funds from those matters, so in parallel we also pursued directly the commonwealth government for particular funding to double the size of the desalination plant.

There is an extremely solid case for the expansion of the desalination plant. One only needs to look at the costs that are avoided through not having to build essentially two separate plants rather than building one plant of an appropriate size. As to the particular funds that we were

seeking to access, a number of the rules of those funds were of a very constrained and limited analysis of cost benefit.

For instance, in the most narrow construction of cost benefit it is always a better cost benefit to actually buy additional water licences from the River Murray, but they were not the options that were in front us given the constraints on the water resource of the River Murray and our environmental objectives. We were seeking a much broader application of a cost-benefit analysis than the rules of the particular funds that we were seeking to make application to.

South Australia always had a strong and robust position to justify the expenditure and the doubling of the desalination plant. What the Auditor-General federally found, for its own processes, is a matter which is entirely different and separate from the processes that the South Australian government pursues and is subject to its own analysis. Having said that, all the decisions that we take about this matter are still subject to review by our Auditor-General, but he will be reviewing our decision-making and processes, not commonwealth decision-making and processes.

Mr MARSHALL: So, has our Auditor-General done a review of that investment?

Mr O'NEILL: The Adelaide desalination plant commenced construction three years ago. My annual reports to parliament have itemised and commented on the particular stages and events antecedent to the commitment of both state and federal funds to the project. I was satisfied with the antecedents and the approvals associated with the commencement and the construction of the ADP.

The Premier has made mention of the commonwealth Auditor-General. I do not have a specific understanding of what the commonwealth Auditor-General's review focused on, but, as the Premier made mention, the commonwealth Auditor-General's review would be looking at the commonwealth government's and their particular agencies' processes, with which I am not familiar. They may not have undertaken some aspects of due diligence with the Auditor-General, as the commonwealth Auditor-General has indicated, but I am not aware of the particular aspects of that review process that was undertaken by the commonwealth.

Mr MARSHALL: But, just for clarity, did you conduct an independent cost-benefit analysis on the expenditure related to the desalination plant?

Mr O'NEILL: I did not undertake a cost-benefit analysis, but I reviewed documentation—the antecedents, relevant documentation, cabinet approvals being supported by certain documents from experts with respect to that project and the approvals given that affect the project—and I was satisfied with that process.

The Hon. J.W. WEATHERILL: If I could just supplement that answer by saying it is common ground between the opposition and the government that there should be a 50-gigalitre desalination plant.

Mr MARSHALL: Sure.

The Hon. J.W. WEATHERILL: Unless the opposition is suggesting that that desalination plant should only be for the people of the southern suburbs, it is common ground that there should also be linking infrastructure to ensure that it provides water security for the northern suburbs. Once you take into account all of those matters, the incremental additional cost for a water consumer of having this plant have 100 gigalitres available, assuming the plant is on standby—so, assuming it is not used but sits there as an insurance policy—is \$30 per annum.

Mrs REDMOND: Thirty million?

The Hon. J.W. WEATHERILL: Thirty dollars per annum per consumer, on an average bill. The reason that is the case is the lion's share of the cost actually goes to the 50-gigalitre plant and all of the connecting infrastructure, so the incremental increase between 50 to 100 gigalitres, especially once you take into account the commonwealth contribution, to the SA Water consumer is about \$30 per annum. I think most people regard that as a sensible insurance policy against drought proofing South Australia, given that we had a report that was telling us that, under certain drought conditions, we could need more than 50 gigalitres by 2013.

Mr MARSHALL: Can you perhaps just tell us how you have arrived at that \$30 figure?

The Hon. J.W. WEATHERILL: I am happy to supply you with that detail. I have been mentioning this for months and months without contest. Essentially, it is the incremental cost associated with moving from 50 to 100 gigalitres.

Mr MARSHALL: Including the north-south interconnector?

The Hon. J.W. WEATHERILL: No, that is something that would have been needed for the 50 gigalitres.

Members interjecting:

The Hon. J.W. WEATHERILL: Well, simply, the truth is it is common ground between us that we needed 50 gigalitres for the future water security of South Australia. Unless you are suggesting that that was only for the southern suburbs, you need an interconnector to the northern suburbs. There are a couple of northern suburbs MPs here who, I think, would find that a little bit hard to swallow. I think it is common ground between us that the lion's share of the costs are essentially associated with the 50-gigalitre plant. The incremental additional cost to take it to 100 gigalitres—

The CHAIR: Is the Leader still referring to the same budget line?

Mr MARSHALL: Yes, sir.

Mrs REDMOND: Just by way of comment, of course, the lion's share of costs, that is not a—

The Hon. J.W. WEATHERILL: There is no comment; there is no standing order for comment.

Mrs REDMOND: Okay. Can I ask then, Premier, do you have any documentation which confirms your assertion that you made in response to an earlier question that the desalination plant is of an appropriate size for the desalination future of the state, given that the commonwealth Productivity Commission specifically found that it would never be required and that no more than 50 gigalitres would ever be required?

The Hon. J.W. WEATHERILL: We published in *Water for Good*, which is our plan for water security for South Australia, our assumptions about South Australia's future water needs.

Mrs REDMOND: With respect, I am not asking about assumptions you have made.

The CHAIR: Order! The Premier has the call.

The Hon. J.W. WEATHERILL: That report relies upon and documents data that was produced by both WorleyParsons and KPMG, which make assumptions about South Australia's future water needs under a range of different scenarios. At a fundamental level, if we are holding expert reports that say under certain scenarios we could run out of water even with a 50-gigalitre plant by 2013, then it makes common sense to seek to build a plant of an appropriate size that will meet South Australia's needs.

We also drew on the commonsense experience in Western Australia. They built a desalination plant and then quickly had to build a second one and then, I think, a third; certainly a second plant. We were conscious of the fact that starting from scratch to build a further 50 gigalitres of capacity would be more expensive than building 100 gigalitres as part of the original operation.

Those were the matters that informed us, and the truth is the Productivity Commission will always use a different test. It will analyse the cost benefits in a narrow sense, having regard to the other cheapest alternative, which is buying further water licences. We certainly considered that; we considered buying further water licences, but a pretty major threshold problem there is that there were no water licences to buy during the drought.

We had got to the point where, even our relatively low take from the River Murray—7 per cent out of the total take of the river and 1 per cent for, essentially, Adelaide and environs—was not available to us in drought conditions, so we had to look at a non River Murray source. In any event, it would have undermined our capacity to ask for more water to be put back into the river if South Australia continued to draw heavily on the River Murray for its water security.

For a whole range of reasons, reasons which are supported by Business SA, which strongly supports our decision to double the size of the desalination plant, we decided that the desalination was the appropriate course and on analysis it was sensible to build a plant that would meet our future needs.

Mr MARSHALL: Just for clarity, though, the Auditor-General does not have a role under his scope to perform cost-benefit analysis of capital expenditure as the commonwealth Auditor-General has; is that correct?

The Hon. J.W. WEATHERILL: As I understand the commonwealth Auditor-General's process, it was the process which led to the provision of certain grants by the commonwealth. If as part of that there was a cost-benefit analysis, then that fell within the province of analysis for the commonwealth Auditor-General, but in relation to the processes that led to this matter, I invite the Auditor-General to comment on which essentially cabinet processes he reviewed.

Mr O'NEILL: As part of the overall process of the executive government's approval to go forward with an ADP plant for South Australia, I and my staff reviewed all the antecedents associated with the decision-taking to go ahead with that decision. That involved a detailed review of cabinet submissions and supporting documents relating to those submissions, which included expert reports. I also took on board—and have commented on in past annual reports—the determinations made by the Public Works Committee of parliament in respect to the ADP, so I was satisfied with the elements of the process that led to the approved decision-making of the ADP.

Mr MARSHALL: You reviewed the decision-making process, but you did not undertake a cost-benefit analysis? You did not form an independent opinion that it was value for money, for example.

Mr O'NEILL: No, I did not.

The CHAIR: Could I remind the leader that all questions need to be directed to the Premier, and he will allocate as he sees fit.

The Hon. J.W. WEATHERILL: Before moving off that, can I supplement the answer to say that the processes that led to the decision by the cabinet to approve the 100-gigalitre desalination plant involved a consideration of the costs and the benefits and contained detailed information supporting that decision-making process. While the Auditor-General may not have supplemented and conducted his own exercise, he was reviewing an exercise that was undertaken by the South Australian government that drew on a whole range of material to justify the creation of the desalination plant and the decision to make it a 100-gigalitre plant. Those matters were reviewed and, can I say, took into account the parliamentary processes that sought to critique the decision that the South Australian government took.

Mr MARSHALL: How can it be the case, then, that two auditors-general reviewing the same upgrade of the facility from 50 to 100 gigalitres can form two separate opinions?

The Hon. J.W. WEATHERILL: Because they are reviewing different things. One is reviewing a commonwealth process of grant allocations and the other is reviewing a state government decision to take that. The commonwealth has not provided the relevant information to satisfy the commonwealth Auditor-General, which appears to have been the finding. That does not reflect on the decision that we took to actually create a desalination plant and have it a 100-gigalitre plant. We have ample justification here and, if there is some deficit in the commonwealth process, as there appears to have been, that is a matter for them.

Mr MARSHALL: On that same budget line, will the audit get behind the process of the Treasurer's water pricing order and look at things like the government's demand forecasts, asset-based prices etc.—e.g., what the government's demand forecasts are based upon?

The Hon. J.W. WEATHERILL: I invite the Auditor-General to respond.

Mr O'NEILL: You would see from, I think the last annual report to parliament in commentary under the SA Water Corporation section of the report, I included comment on aspects of water pricing in a couple of pages of commentary on water pricing. The matter that you specifically raise may be considered by me, but I have not given full consideration to that matter that you have just raised.

Mr MARSHALL: So you may be considering the demand forecast and also the base asset values?

Mr O'NEILL: I may, yes.

Mr MARSHALL: You don't seem too sure about that. You may consider it?

Mr O'NEILL: I have not considered that matter you have raised at the moment.

Mr MARSHALL: Will the audit be monitoring expenditure of Motor Accident Commission funds on road projects to ensure funds taken from the MAC are actually spent on the road projects?

Mr O'NEILL: That is part of the audit process, so we will.

Mr MARSHALL: No further questions, sir.

The CHAIR: There being no further questions, I declare that line closed.

DEPARTMENT OF THE PREMIER AND CABINET, \$95,827,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF THE PREMIER AND CABINET,
\$7,930,000

Witness:

Hon. J.W. Weatherill, Premier, Treasurer, Minister for State Development, Minister for Public Sector, Minister for the Arts.

Departmental Advisers:

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

Mr B. Morris, Executive Director, Corporate Operations and Governance, Department of the Premier and Cabinet.

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

Mr J. Loulas, Manager, Financial Performance and Strategy, Department of the Premier and Cabinet.

Mr L. Jones, Director, Financial Performance and Strategy, Department of the Premier and Cabinet.

Ms S. Pitcher, Deputy Chief Executive, Cabinet and State Development, Department of the Premier and Cabinet.

The CHAIR: I declare the proposed payment open for examination, and I call on the Premier to make any opening remarks he may wish to make.

The Hon. J.W. WEATHERILL: Thank you, sir. I will begin by observing that our state is in a period of rapid change, presenting a central policy agency such as the Department of the Premier and Cabinet with the opportunity to pursue social, economic and environmental goals to build a more prosperous future in South Australia. South Australia is well poised to take advantage of the opportunities presented by the changes in the global economy. However, government business and the community must act now to secure the state's future by ensuring that we have the modern infrastructure and highly-skilled workers and innovative businesses to take advantage of this.

In February 2012, we identified seven strategic priorities for action to shape our state's future. We built on these seven priorities in the economic statement announced earlier this year, which laid out the government's plan for our economy, what it would look like in the future and how we will get there. In this budget, we have backed those plans with investment, and we are helping to grow advanced manufacturing through the implementation of manufacturing works, a 10-year strategy to build the sector as well as with new training places to help small businesses to innovate.

We are developing our food and wine industries with new premium food and wine clusters in the Riverland and the Limestone Coast and investing in increasing exports to emerging markets in China. We are realising the benefits of our mining sector through connecting small and medium enterprises to the emerging opportunities in mineral and gas exploration, and we are building on our plans for a vibrant city with the transformation of our Riverbank precinct, new innovation hubs and investment in our major cultural institutions.

South Australians value their quality of life. We are continuing to invest in affordable housing, child development, education, training, health care and disability. We have committed to a suite of measures that help keep South Australia an affordable, safe, healthy, vibrant place to live. We have supported affordable housing and increased water concessions and electricity market deregulation. Importantly, we are putting the early years at the centre of our government's priorities to ensure that the next generation of South Australians have every chance to thrive and prosper.

Over the course of the last year, the Department of the Premier and Cabinet has led the negotiation of a series of significant reforms with the commonwealth government and other states.

Years of water over-allocation upstream, exacerbated by the drought, caused devastating environmental problems along the River Murray. It was therefore a great victory when we secured the new Murray-Darling Basin Plan. The plan increases 450 gigalitres, the amount that was to be returned to the river, from 2,750 to 3,200 gigalitres, and provides \$265 million for water recovery and industry regeneration projects in South Australia.

Beginning in July, South Australia will lead the nation in launching disability care, with a focus on children aged from birth to 14 in the first instance, with full implementation from 2018. Disability Care Australia will make a massive difference to the life of people with a disability in this state, providing all South Australians with the assurance that they will get the care and support they need.

The South Australian government is committed to improving education outcomes for our children and young people. That is why I negotiated strongly and signed up for the historic agreement to participate in the national schools reform. Our schools stand to receive \$1.1 billion in public funding, raising their funding to just under \$4 billion by 2019. This will be a substantial boost in funding for each of the schooling sectors—government, Catholic and independent. Students with special needs will receive additional funding. More money will go to schools in small rural or remote locations.

Also, our agreement with the commonwealth government relieves us of state housing payment obligations and enables us to provide further stimulus to the housing construction sector. We have introduced and now extended the Housing Construction Grant, which has benefited over 1,100 South Australians in the first seven months, and we will be investing \$50 million in a new affordable housing stimulus program which will see 936 homes constructed over the next 18 months, supporting more than 2,400 jobs across the state, as we pull forward all of our housing effort.

South Australia does have a strong and diverse economy which underpins a fair and just society. The Department of the Premier and Cabinet is delivering results and working to position our state to seize the opportunities available to us. They are doing this, they are advancing our seven priorities, in partnership with business and the broader community.

Mr MARSHALL: No opening statement, sir. I refer to Budget Paper 4, Volume 4, page 46—Ministerial office resources. On this page, it states that there are 41 FTEs in ministerial office resources; are they all located in your office or are some of those seconded to other ministers' offices?

The Hon. J.W. WEATHERILL: I will check this. I think they are all essentially in my office except for, I think, the ministerial adviser in relation to Arts, who moves between the Minister Assisting the Minister for the Arts' office and my office, but I will check that. I think all of them are attached to my office.

Mr MARSHALL: On the same item: in previous estimates, other ministers have indicated that they have media staff provided by your office. They would not come out of that 41 FTE under 'Ministerial office resources'?

The Hon. J.W. WEATHERILL: Can you just repeat that?

Mr MARSHALL: In previous estimates committees, other ministers have suggested that they have received staff from the Premier's office in relation to providing media advice to the ministers. Where does that come in?

The Hon. J.W. WEATHERILL: There is the Media Monitoring Unit, which I think is formally attached to my office, and that provides support, I think, for parliamentarians as well as ministers' offices.

Mr MARSHALL: For clarity; this is media advisory staff in ministers' offices. In previous estimates, they have suggested that those staff are not their staff, they are the Premier's staff, and I am just wondering—

The Hon. J.W. WEATHERILL: Yes, that's right.

Mr MARSHALL: —whether they come out of that 41.

The Hon. J.W. WEATHERILL: Sorry, what I said before about Media Monitoring I think is incorrect; it is actually media advisers that are attached to my office.

Mr MARSHALL: So, under what program do they sit?

The Hon. J.W. WEATHERILL: I think I was right the first time: Media Monitoring is attached to my office, it is just in a separate building; I think it is in the Terrace Towers building. In terms of the Premier's office, the number of advisers that are actually attached to my office includes the media advisors. They are essentially located physically in my office, but they obviously move between ministerial offices and my office.

Mr MARSHALL: As I was saying, in previous estimates, ministers have indicated that their full-time media advisory staff come from the Premier's department. They are not out of that 41 figure, they are out of another figure in your papers, presumably? Can you advise which line they come from, or which program?

The Hon. J.W. WEATHERILL: No, they are in that number; they are within the number that we have just mentioned—the 41 number.

Mr MARSHALL: The 41?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: So how many of the 41 are seconded to other ministers' offices?

The Hon. J.W. WEATHERILL: Well, they are not seconded, in a sense; they have contractual arrangements—as do all media advisers and all advisers—with the Premier, and they spend their time between the Premier's office and ministerial offices as they are needed.

Mr MARSHALL: Are you suggesting that they are not allocated to specific ministers, that they are your staff and they work for you, and that they are not allocated to individual ministers? Because that is quite contradictory to the statements that have been made by other ministers.

The Hon. J.W. WEATHERILL: I think the two things are true. They work for me, but they also have a nominal allocation to a minister, and some actually are responsible for more than one minister.

Mr MARSHALL: So how many of the 41 are indeed working or seconded to other ministers?

The Hon. J.W. WEATHERILL: I do not think secondment is the right phrase, but anyway, obviously certain media advisers have responsibilities for certain ministers, and we will give you a breakdown of how many of the 41 are actually allocated.

Mr MARSHALL: In terms of budget papers—

The Hon. J.W. WEATHERILL: Just to give you some order of magnitude, about 10.

Mr MARSHALL: About 10? I refer to Budget Paper 4, Volume 4, page 47, Program net costs of services summary 2012-13, Estimated Result. What was spent in total by your department on government advertising in 2012-13, including product development, placements, etc? In particular, what program in DPC did these expenditures sit?

The Hon. J.W. WEATHERILL: I think it largely depends on what you mean by advertising. If you are talking about paid advertising, we can bring back an answer on that question, but there is a whole range of things about promoting obviously government policy which involve expenditure but which we would not necessarily regard as advertising.

The CHAIR: Leader?

Mr MARSHALL: Sorry, I thought that you were just getting some advice on that.

The Hon. J.W. WEATHERILL: No, I said I would bring back an answer.

Mr MARSHALL: So you will bring back some advice on not just the advertising but the other areas that you spoke about as well where you said it might be more promotion, so you will split that up. Is that correct?

The Hon. J.W. WEATHERILL: If you could perhaps ask what it is that you want. There is paid advertising. We are happy to provide the information about that. If there are other types of promotion of the state, if you would like to ask a question about that, I am happy to provide information about that.

Mr MARSHALL: I think in your response it would be good to get not only the paid advertising but also the other elements of promotion that you have outlined in your answer. It would be good to get all of them, not just in terms of the advertising rate that is paid but the product development that goes into that. That would be very helpful.

The Hon. J.W. WEATHERILL: There is a complexity there. In a sense, every agency that has got any external relationships, whether it be primary industry, mining or manufacturing, is seeking to promote the state in a range of ways. The Governor promotes the state in a range of ways. In fact, there is not much of government that is not seeking to externally promote South Australia. It might be a little difficult to compartmentalise those things, but we will do what we can. Obviously, the branding exercise is a specific component of that whole exercise, which is not paid advertising in itself but is dedicated to the promotion of the state.

Ms BETTISON: My question is to the Premier and relates to Budget Paper 4, Volume 4, program 2, page 56. Can the Premier describe the nature of the state government's investment in the new state brand and what it expects the return on this investment will be for South Australia?

The Hon. J.W. WEATHERILL: I thank the honourable member for her question. One of the greatest challenges South Australian businesses confront overseas and in interstate markets is the need to actually generate this positive awareness and this cut-through. It is tough, but it is a necessary precondition to success. That is why, through the EDB, we chose to invest in a new state brand, because it helps South Australian businesses to generate awareness of where they are, which helps them tell an authentic and compelling story about where their products come from which sets themselves apart from their competition.

In 2012-13, the government invested a total of \$1.82 million from within existing resources to develop and launch the new brand and, in addition, to manage the brand post launch. The funding has enabled necessary brand research, community engagement and world-class design to be applied to the task so that we have a brand that will be enduring and flexible enough to be used by a wide range of organisations.

The measure of the brand's success will ultimately be determined by the extent to which it is adopted, and the signs of this since the launch have been promising. There have been some early adopters, such as Adelaide Airport and the South Australian Wine Industry Association, who saw the potential of the new brand and quickly found ways to incorporate it into their communication strategies.

I am pleased to say that this early interest has steadily grown, with over 260 organisations now registered to use the brand. Some of these organisations have new material that is under development, and we can expect to see a range of new uses of the brand. Many other brand users have already included the brand in their communications, including Foodland, Phil McMahon Real Estate, PricewaterhouseCoopers, Business SA, Douglas Park Organics, Property Council, SA Power Networks, Harcourts Real Estate, Adelaide Convention Centre, Adelaide Festival Centre, University of Adelaide, University of South Australia and Flinders University.

In 2013-14, the government will hand over responsibility of managing the brand to a new body that will be created by expanding and renaming the existing promotional voice of the state, the Advantage SA organisation. The new body, which will operate from August and be named 'Brand South Australia', brings together representatives of the EDB, and business and media organisations.

Supported by an investment of \$1.5 million annually from the state government, we expect Brand SA to continue to grow the adoption of the brand in 2013-14. Our investment in the state brand typifies many of the investments we have made as a government. It is an investment about strengthening South Australian industries through adding value, and it also draws on partnerships.

Mr ODENWALDER: My question is to the Premier. I refer the Premier to Budget Paper 4, Volume 4, page 56. Can the Premier provide details about the selection of Adelaide to feature as one of the 18 most liveable cities in the world in a forthcoming series by National Geographic?

The Hon. J.W. WEATHERILL: I thank the honourable member for his question. This has been a real coup for South Australia, to be selected to be part of a new documentary series by National Geographic Channel. Adelaide will be one of the 18 most liveable cities in the world in a forthcoming series entitled *21st Century Cities*, and Adelaide is the only Australian city to feature in this documentary.

National Geographic has a fantastic brand and is globally recognised. The series will be another way we can attract and draw attention to the wonderful attributes of our city. National Geographic is available in over 143 countries, seen in 160 million homes in 25 languages. In addition to the documentary, National Geographic will also produce several 30-second information advertisements that will run across key international markets, and Adelaide will host the

international launch of the series in early 2014. The series will also be promoted extensively online and in social media channels.

Filming for the series got underway in Adelaide last month and will include people of Adelaide sharing stories about the way they live and their feelings about the city. Filming will continue into September. People who live here know why it is a wonderful place, but we have to share this. The state government, Adelaide City Council and the universities are participating in the project, and it is a rare opportunity to showcase South Australia to the world. It does speak volumes, I think, about Adelaide that we have been chosen in this way by National Geographic.

Ms BETTISON: My question is to the Premier. I refer to Budget Paper 4, Volume 4, Program 2: State Development, page 56. How does the current level of net interstate migration compare to historical levels?

The Hon. J.W. WEATHERILL: Last week, population estimates from the ABS showed that, during the year to December 2012, South Australia's estimated resident population increased by 0.9 per cent or by 15,600 persons. In the 12 months to December, the largest contribution to South Australia's population growth came from net overseas migration, which totalled 11,700 persons, up 20 per cent from the previous 12 months. Natural increase over the period totalled 7,300, down 1 per cent from the previous 12 months, and in the year to December 2012 there was a net outflow of 3,300 people from South Australia to other states. The net interstate migration figure must be seen, however, in the context of a large number of movements into and out of the state.

During the 12 months to December 2012, there were 20,574 people who moved to South Australia from interstate and 23,919 who departed. These levels are far below the peaks that we saw under the previous government. Net interstate migration outflows for South Australia were at their worst during the mid-1990s. Interstate migration peaked at an annual net loss of 7,845 in December 1995.

The recent interstate losses are only a fraction of that recorded in 1995. The annual loss recorded in December 1995 was two and a half times the amount of population growth recorded by South Australia for that period. Interstate migration as a proportion of population growth has not exceeded 40 per cent during the entire term of this Labor government.

The state government is addressing the issue of interstate migration through the delivery of the strategic priorities, notably through making Adelaide a vibrant city, ensuring quality of life through affordable housing in South Australia, as well as promoting the use of public spaces and allowing quality urban developments throughout the state. The continued development in the vibrancy of the city is another important way in which we can attract and retain people, especially young people, in South Australia.

Mr MARSHALL: Budget Paper 4, Volume 4, page 47. The tenders and contracts website has a \$186 million Master Media Agency Services contract that expires on 30 June this year. Has the government signed a new contract for similar services once this period expires? If so, what is the cost, and over what period of time and was this an open tender?

The Hon. J.W. WEATHERILL: Yes, the Master Media Agency Scheme provides a means for us to effectively consolidate and manage advertising. It was established back in 1993. It is common across all jurisdictions in Australia to have such a thing and it provides quite a lot of benefits in consolidating our spend so that we get the best deal and we also have a single point for organisational purposes.

The media rate negotiations operate on the premise the government is the largest single buyer and, therefore, commands the most favourable rates. It is highly sought after and is appointed through a thorough procurement process which generally occurs 12 to 18 months prior to the commencement of the agreement period.

The level of interest is obviously very high. The current arrangements commenced on 1 July 2010 and were held by MEC for brand advertising and by Starcom MediaVest for functional advertising. The initial term of the agreement was three years with an option to extend by a further two. The agreement extension is based on meeting strict performance criteria. On 1 July 2013, the agreements for both MEC and Starcom MediaVest will be extended by two years.

While I am signatory to the agreements, day-to-day management of the MMA is the responsibility of the strategic communication units in the Department of Premier and Cabinet. The procurement processes for the MMA to commence on 1 July 2015 will begin during the final quarter of 2013-14, so that two-year process that I spoke about earlier will be commencing soon.

Mr MARSHALL: What was the total value of that two-year contract?

The Hon. J.W. WEATHERILL: I will have to bring back an answer. That is the extension of the contract for a further two years. We will bring back an answer.

Mr MARSHALL: Why didn't that go back out to market?

The Hon. J.W. WEATHERILL: Because the original procurement contemplated the capacity for an option to extend.

Mr MARSHALL: Did you contemplate going back out to the market though? What was the decision for not going to the market?

The Hon. J.W. WEATHERILL: It wasn't a decision not to go to the market; it was a decision to choose to exercise the option that was contemplated by the earlier procurement that went to market, and a judgement was made that that was the appropriate decision to take.

Mr MARSHALL: I refer to Budget Paper 4, Volume 4, page 47. In last year's Mid-Year Budget Review the former treasurer announced that the government communications would be centralised into one hub within DPC. It was claimed that this would save \$13.3 million over three years and reduce communications staff by about 50 FTEs. This was to start from 1 July 2013. Can you update the committee on that initiative and whether it is on track to make those savings? Have the 50 positions to be cut been identified and which departments will be involved?

The Hon. J.W. WEATHERILL: Yes, the project is being led by DPC and various models have been examined. A centralised communication function will commence from 1 July 2013. The new centralised group will undertake communication activities relevant to the whole of government, especially those consistent with the realisation of the government's seven strategic priorities. Services provided by the group will include but not be limited to community engagement, marketing, graphic design, media relations and quality assurance, but government agencies will retain a relevant number of communications staff who will work on work specific to their portfolio.

Mr MARSHALL: Can we look at Budget Paper 4, Volume 4, page 55: Program 2: State Development? Under supplies and services, can you outline what is included in the budget \$2,684,000 for the coming financial year?

The Hon. J.W. WEATHERILL: We would have to give you a breakdown of that. I will have to take that on notice.

Mr MARSHALL: Can you also provide details of the grants and subsidies on that same page, not under the income line but under the expenses line, the \$748,000?

The Hon. J.W. WEATHERILL: Yes, we can do that.

Mr MARSHALL: Then on page 56 under Targets 2013-14, it states:

Deliver strategic programs, functions and events, through community engagement, in alignment with the state's seven strategic priorities.

Can you identify in the budget how much will be spent on functions and events in line with the state's seven strategic priorities for the coming financial year?

The Hon. J.W. WEATHERILL: We will do what we can there but one of the complexities is that this is also part of the core function of agencies. For instance, in the Department of Primary Industries and Regions obviously they have lead responsibility for the premium clean food priority, so very much part and parcel of how they conduct their agency work is about reaching out and engaging broadly with the community. There is a centralised function that DPC performs but there are also agencies that do that as part of their core business, but we will do what we can to provide the information about that. Once again, it is not disconnected from the point I made earlier that really the whole of government is about promoting in a sense its work and so it becomes a little different to separate out those elements.

Mr MARSHALL: On the same volume, page 60: Agent-General, we have a number of highlights from the 2012-13 year. We have a budget line of \$5,211,000 in expenses but we have no target set for the forthcoming year. Can the Premier outline to the house whether indeed there are any targets for the Agent-General's \$5.2 million worth of expenditure?

The Hon. J.W. WEATHERILL: Yes, each year, the Agent-General provides a strategic plan for his functions. To give you some idea of the flavour of them, he has obviously been very influential in strategic advice on the new brand, forging investor interest in Tonsley Park and also pursuing a number of investor opportunities in mining and defence. He has brokered meetings with

potential events investors in South Australia, providing information and linkages in South Australian government to ensure momentum continues to realise a number of investments. He has participated in Austrade events across Europe, because his responsibilities extend beyond Britain. He has conducted significant defence industry functions in partnership with the Defence Materiel Organisation.

Mr MARSHALL: Premier, the question was about the targets for next year. I understand the highlights—they are well documented in the budget—but there are no targets for the forthcoming year and there is a budget line of \$5.2 million. We are wondering whether you could outline to the committee what the targets for the forthcoming year are and what we are going to get for our \$5.2 million worth of expenditure?

The Hon. J.W. WEATHERILL: The targets are, as I have just outlined, to really continue the activities that I was seeking to provide some more detail on. He supplies a strategic plan for the operations of his office each year. I think the size of the budget for the Agent-General's office is artificially inflated by the sale of a particular property. The actual office budget is \$1.662 million.

Mr ODENWALDER: I refer the Premier to Budget Paper 4, Volume 4, page 52. Can the Premier provide more information about how the government's citizen engagement is extending community involvement in the delivery of the government's seven strategic priorities, please?

The Hon. J.W. WEATHERILL: Thank you for that question. I have long been a believer that, where possible, we should involve the community in government decision-making so that better decisions can be made, ideas tested and services made more responsive. We have a number of initiatives which, over the course of the last year, have sought to extend community involvement in government decision-making. For example, the engagement process for the state brand included face-to-face meetings with people in various regions of the state, a public survey and contributions through the social media that informed the brief that ultimately had 3,500 people having participated in the process.

DPC also supports the engagement activities of the cabinet task forces responsible for driving our seven strategic priorities. It hosts Your Say—a website that enables public consultation to occur online, which is interactive and enables participants to discuss issues with each other as well as with government. There has also been a renewed effort to embed engagement in the everyday work of government through the development of Better Together principles of community engagement that drew on the input of business and non-government organisations.

A more recent initiative that seeks to push the boundaries further is the citizen jury project. We have seen how incredibly random the selection process is for the citizens' jury. We have embarked on a partnership with the newDemocracy Foundation and the Australian Centre for Social Innovation.

We have also funded from existing resources this process which will present about 40 randomly selected South Australians with a question that they will deliberate on over a 12-week period. These citizens—everyday South Australians—will assess what evidence they need and seek what opinions they deem relevant to arrive at a series of policy recommendations for government.

The question we have asked the jury to consider goes to the heart of two of our strategic priorities. On the one hand, we want to maintain our reputation for safety and being a great place to raise a family while, on the other hand, we do want our city to be more vibrant and a place that attracts and excites people and investment.

It is a question where common sense of everyday people can add considerable value. I do not accept the proposition that the extent of democracy is a vote every four years. Involving people is absolutely crucial and that is what we are doing to extend the community involvement in our seven priorities. Some of these are tried and tested approaches, some are pressing the boundaries, but we all aim to give everyday South Australians a greater level of control over their daily lives.

Ms BETTISON: My question is to the Premier. With reference to Budget Paper 4, Volume 4, page 61, Program 5: Support Services and Community Programs, can the Premier please explain the resources provided to respond to freedom of information requests made of the department and any changes to the amount of those resources over time?

The Hon. J.W. WEATHERILL: So far this year, the Department of Premier and Cabinet has received 914 FOI applications. This is almost double the number of requests received last financial year, and since the government entered office in 2002 there has been an exponential

increase in the number of FOI applications being received. In our first year of office, the department received 65 applications and only 47 and 51 respectively in our second and third years of office before the upswing began. This has led to a substantial increase in resources being provided to enable the department to respond to FOI requests.

DPC now spends over \$376,000 a year resourcing the FOI unit, which is more than five times the amount being spent when we came to office. This amount does not include the time other staff across the department spent locating and copying documents. The biggest cause of the increase is not applications from members of the public or the legal profession, although there has been a modest increase in those; nor is it applications from the media, though there has been a significant increase in those since our decision in 2009 to make 10-year old cabinet documents available. The biggest cause of the increase is applications by members of parliament. In 2002-03 there were 44 applications from members; this year there have been 529.

Mr MARSHALL: Mr Atkinson, of course, put in a famous one. Perhaps he should be counselled for putting in frivolous requests.

The CHAIR: Perhaps you should ask your question.

An honourable member: The Speaker.

Mr MARSHALL: The Speaker, that's right; you're quite right. With reference to Budget Paper 4, Volume 4, page 61, Program 5: Support Services and Community Programs, can the Premier provide some detail as to what this program does and whether the protocol unit sits within this program or whether it sits within State Development or some other area?

The Hon. J.W. WEATHERILL: No, it does not include protocol, but it does include commercial advice: lawyers and other associated advisers providing advice to, essentially, the Department of Premier and Cabinet. The Premier's office, media monitoring and community grant programs sit within here. Ministerial support for other ministers, ministerial administrative support, public servants who support ministerial officers, and corporate overhead are all contained within this program number.

Mr MARSHALL: Can you just run through that list again? You said media monitoring?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: And you said ministerial support?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: What are the details of ministerial support? This is as distinct from the cabinet office?

The Hon. J.W. WEATHERILL: The public servants in ministerial offices, so MLOs and clerical officers, for the ministers that the department supports. If you go to Budget Paper 4, Agency Statement, Volume 4, page 45, you will see the ministers who are supported by Premier and Cabinet. It is that component of ministerial support.

Mr MARSHALL: I still do not have much clarity on how many of the 64 staff are involved in that ministerial support and what sort of support they are providing.

The Hon. J.W. WEATHERILL: Well, you have not asked me yet. I am happy to provide an answer to that. We do not have that with us, but we will provide that to you.

Mr MARSHALL: How many of the 64 are involved with media monitoring?

The Hon. J.W. WEATHERILL: I am advised that there are nine staff in the Media Monitoring Unit.

Mr MARSHALL: Can you provide details of how the other 55 staff are deployed?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Do you commit to getting the answers to the questions that you are taking on notice back to the opposition before the end of this year?

The Hon. J.W. WEATHERILL: I think at the beginning, the Chairman outlined the time line, and it is our intention to comply with that time line.

Mr MARSHALL: Did you?

The CHAIR: I think it is 27 September.

Mr MARSHALL: I am still waiting on some things from previous years. Just on this same program, though, it says that the target for next year—2013-14—is really to enter into a lease with the commonwealth government Department of Defence to expand the Cultana Army training area. Are you suggesting that that is the only target for in excess of \$10 million worth of government expenditure for the year?

The Hon. J.W. WEATHERILL: No; the point about this is to put something of particular and specific interest. These are largely support services. It would be fairly pointless to continue to put in place a series of targets that were largely about continuing to provide good support to a range of institutions and organisations. I think it is something specific that was deemed to be of sufficient interest to articulate separately.

Mr MARSHALL: For example, you mentioned that this is the unit that administers a range of grant programs. Can you outline which are those grant programs and how many people are specifically charged with that responsibility?

The Hon. J.W. WEATHERILL: The three grant programs that are administered in this area are the Special Appeals and Minor Grants, the Premier's community initiatives program and the promotion of the state's program.

Mr MARSHALL: How many staff are involved with the administration of those?

The Hon. J.W. WEATHERILL: The estimate is about two FTEs, but we will bring back a specific answer.

Mr MARSHALL: If protocol is not in that program, where does protocol sit in the department, under which program? Is it state development?

The Hon. J.W. WEATHERILL: It sits within the State Development program, program 2. Just to assist you with the sorts of things that get grants, they include the Adelaide Youth Orchestra, the David Tonkin memorial scholarship, the Premier's Community Service Awards, Association of Community Service Organisations, Laura Country Music Festival, earthquake appeals, Semaphore Music Festival, a forum on alcohol-fuelled violence in Port Pirie, the Glenelg Blessing of the Waters festival and those types of things.

Mr MARSHALL: On that protocol question you answered—that sits in program No. 2—how many staff are in the protocol office, and do you know what percentage of the \$9.3 million budget line is associated with the protocol office?

The Hon. J.W. WEATHERILL: I am advised that it is 6.2 FTEs in the protocol office, and the cost of services in relation to protocol is about \$981,000.

Mrs REDMOND: I have a question on Volume 4, page 107 in relation to items administered for the Department of the Premier and Cabinet, and it relates to almost the first two-thirds of that page. When you look at the figures for the actual amounts for assets and liabilities for 2011-12 and the estimated result and then the budget, they are all within cooe of each other, but for some reason, the budget in each of those areas for 2012-13 is significantly lower.

For instance, on the assets, the total current assets actual for 2011-12 was \$96,652,000 and the outcome was \$86,215,000, yet the budget was \$35,109,000. Similarly on the total assets and similarly again on the liabilities, the actual for 2011-12 was \$50,208,000, the result was \$50,180,000, yet the budget was \$5,195,000. I am curious as to what was the intended reduction, and how come it did not take place.

The Hon. J.W. WEATHERILL: I do not think any general conclusions can be drawn, but I will just give you some idea of the flavour of why the changes have occurred. The variation, for instance, of \$53 million between 2012-13 (the original budget) and the 2012-13 estimated result is mainly due to the recognition of cash to the Department of the Premier and Cabinet as a result of machinery-of-government changes, in particular, the transfer of Service SA administered from the Department of Planning, Transport and Infrastructure of \$46 million; a year-end carryover of commonwealth funding from one year to the next for the construction of family wellbeing centres (\$1.3 million) and duplexes for staff accommodation (about \$1 million) for the APY lands; year-end carryover of commonwealth funding for essential services capital works to support the municipal and essential services at Davenport, to maintain APY lands road network and the upgrade of the Mimili airstrip by sealing (another \$1.6 million); year-end carryover of interest for the City of Murray Bridge within the Grants Commission; and \$300,000 a year in carryover of commonwealth funding for the Outback Communities Authority to upgrade Oodnadatta airstrip (another half a million). The lion's share of it seems to be a machinery-of-government change.

Mrs REDMOND: With respect, Premier, I still do not understand why. If you look at that page as a whole, I am talking about the second to last column on that page, where you have the budget figure for 2012-13. Two-thirds of the way down there, you will see that there is a significant reduction: from an actual result in 2011-12 on your total current assets of \$96,652,000, you then budgeted for the 2012-13 year at \$35,109,000—so almost down to one-third.

Similarly, on your liabilities, it is down to almost one-tenth in terms of the budget, as against your previous actual, and then your result comes back to where you would have expected if you had some minor change in the government through savings. But, I am just curious as to why you budgeted for such a significantly lower figure right down through 2012-13 when it bears no resemblance to anything actually achieved either or since.

The Hon. J.W. WEATHERILL: I will commit it to writing so that it can be explained in detail, but I think the fundamental explanation is that it is still about the machinery of government changes, but it is just the timing of when they hit the budget and the effect that that has on the various budgets in each of the years. But, I will set that out in more detail for you.

Mr MARSHALL: I refer to Budget Paper 4, Volume 4, page 55, which is the program regarding State Development. Is it the case that Gabe Kelly, former director of Thinkers in Residence, is to head up a new section within DPC called 'External Affairs', which will sit within State Development?

The Hon. J.W. WEATHERILL: Yes—'External Relations', in fact, but yes.

Mr MARSHALL: Can you provide details of what this new role will do, and what the expenses related to it will be? Can you also clarify whether there is just the one person, or whether it is a unit (so, how many people would be in it), and what the budget for it would be?

The Hon. J.W. WEATHERILL: Yes. In March, we identified that we needed a more coordinated and sophisticated approach to building the key relationships at local, state, national and international levels. We have talked about looking outwards; this is one of the key elements of the economic statements. Consequently, it was recommended that an external relations unit be established within the Department of the Premier and Cabinet, and within in existing resources.

The unit is specified to incorporate the existing Protocol Unit functions and existing legislative and statutory responsibilities, as well as new strategic responsibilities, to advance the government's economic and social policy agenda. It is also specified the office be led by an executive who would be specifically asked to deliver on improved strategic relationships and opportunities, while continuing the professional capability and responsibilities of the existing Protocol team.

As you have noted, Ms Gabrielle Kelly is the current director of Adelaide Thinkers in Residence. That is due to transition on 30 June 2013, and her contracted position will be extended beyond that date. She has been an extraordinary contributor to the Thinkers in Residence program, so we wanted to grab her skills for this purpose. She has the relevant vision, skills and expertise to be able to develop and deliver the new focus for the external relations unit. She has accepted the offer of employment in the role, commencing on that date.

As I said, recurrent funding will be reallocated within the State Development division to fund the position of director. There are, I am advised, seven FTEs within that particular unit, including Ms Kelly's position.

Mr MARSHALL: And what is the total budget for that new—

The Hon. J.W. WEATHERILL: We will bring that back, but it is within existing resources.

Mr MARSHALL: Within existing resources—yes, within the budget that you have put forward, but can you just provide more detail on specifically what the functions of these seven FTEs will be?

The Hon. J.W. WEATHERILL: My view was that we needed to improve the strategic nature of our external relationships. We have essentially a protocol unit at the moment that does good work, but it is not particularly proactive. It largely deals with people that come here, and we look after them. It does not necessarily go seeking out relationships. I think there is a range of visitors that come to South Australia in a range of ways, whether it be for our international events, and we need to be proactively finding out who is here and then putting them in touch with people that can realise opportunities for South Australia.

In any one week, there is an extraordinary range of international and interstate visitors moving through South Australia. They are obviously here for their own business or even for pleasure, but the opportunity for us to proactively invite people, make sure they are well looked after when they are here and, importantly, draw to their attention the opportunities that exist, we think is one that needs a more strategic focus, rather than being a more reactive focus.

What we have seen with Gabrielle Kelly through our Thinkers in Residence is she has a great capacity to engage with people. I think she has lifted that program to a new level, and it now has a strong future, largely due to the work that she has done. We wanted to capture those skills for South Australia more broadly.

Mr MARSHALL: Will her contract or her remuneration continue at the same rate as she was previously?

The Hon. J.W. WEATHERILL: Her current contract term has been continued, so she stays at the same rate, and there are some continuing discussions about what a new contract of engagement would look like, but it has not been settled yet.

Mr MARSHALL: The 2012-13 Thinkers budget was \$844,000. What was the estimated result then for 2012-13 of that project?

The Hon. J.W. WEATHERILL: I am advised that, until 2012-13, the estimated result is \$1.459 million, which includes the wrap-up of the program, although there is a small carryover of \$148,000 into 2013-14.

Mr MARSHALL: While we are just on the Thinkers in Residence, just to wrap it up, that is quite a significant deterioration of the budget for Thinkers, which was \$844,000. So you are saying that the final result estimated is \$1.459 million plus a carryover, so we are talking about a six-hundred-and-something-thousand dollar difference. Can the Premier perhaps outline why there is such a big difference?

The Hon. J.W. WEATHERILL: I am advised that the variance is explained in two ways: carryovers from the earlier year and, secondly, partner contributions that are paid to us and then expended. We have partners that have increasingly been a feature of thinkers in residence where we expend the resources but partners contribute to offset those resources. Those two things explain the difference between the budget result and the estimated final result.

Mr MARSHALL: Have all the thinkers submitted their final reports to government?

The Hon. J.W. WEATHERILL: I think there are a couple of thinkers who, in the next weeks and months, will be submitting their final reports: Carla Rinaldi, the Reggio Emilia thinker in residence, and also Dr Martin Seligman in the next few months will be submitting a report. I think they are the two remaining ones. Of course, there is a further thinker in residence with Martin Elbourne, who has just recently commenced his residency.

Mr MARSHALL: You previously indicated that you would like to see that float off into a non-government vehicle so that it can continue its work. Given that it finishes in a couple of weeks, have you made any progress with regard to that vision for the program?

The Hon. J.W. WEATHERILL: Yes. The University of South Australia, through the Don Dunstan Foundation, is essentially managing the most recent residency, the Martin Elbourne live music thinker in residence. That is a model that obviously is being explored for the ongoing operation of the Thinkers in Residence Program. Increasingly, as I observed earlier, we are seeing partners that would be involved in thinkers in residence programs, and there is nothing to preclude government agencies being a partner in the future in a thinkers in residence program, but the block funding that had been a feature of getting the program started is something that has come to an end.

Mr MARSHALL: Is there any ongoing funding from the government to the university to continue this program?

The Hon. J.W. WEATHERILL: No block funding but, as I said, we are prepared to consider, on a case-by-case basis, new thinkers and, where it makes sense, for government agencies to be partners with other agencies. The average contribution over the last 10 years—and I think this has been increasing in more recent years—has been 63 per cent government and 37 per cent non-government.

Mr MARSHALL: Have you made any commitments to future thinkers in residence under the Uni SA banner already?

The Hon. J.W. WEATHERILL: Sorry, it was the University of Adelaide for the Don Dunstan Foundation. That was my mistake. No, I do not think there are any future thinkers in residence that we have made a commitment to. There might be some in contemplation but, no, I do not think any have been settled.

Mr ODENWALDER: I refer the Premier to Budget Paper 4, Volume 4, Program 2, page 56. Can the Premier outline the government's priorities for developing our state's economy?

The Hon. J.W. WEATHERILL: Yes. On Friday 15 March I did release an economic statement for South Australia. The statement analyses the context of economic development in South Australia and the impacts on our state economy of more recent phenomena: the weak global economic conditions and uncertainty in Europe and the United States. In order to ensure a strong and prosperous future for current and future generations of South Australians, it is essential to align our industries to the opportunities in the region where growth is coming from—in particular, the economies of Asia. Our industries and businesses need to be more outward looking and embrace these opportunities.

The statement also articulates our vision for the state's economic future and maps out the role of government in driving economic development. An effective and efficient Public Service, better business regulation and a competitive business environment are critical to improving the productivity of industry. Equally important is the government's role in strategic planning and providing information to form a sound basis for business investment decisions.

This government has already put on notice a number of key initiatives to achieve these things: our regulatory environment and high-quality public information about minerals and resources have led to this state being consistently rated by the Fraser Institute as one of the most competitive destinations for minerals investment. We have released a new manufacturing strategy, Manufacturing Works, for South Australia to help our manufacturing firms make the transition to be more productive. Together with industry, we have developed engagement strategies for our fastest growing economic partners, China and India.

The government has cut a total of \$320 million in red tape for business. Working together with the Adelaide City Council, we have lifted the height limits on CBD buildings to unlock more than \$2 billion in investment projects.

This government also believes that it is a legitimate and responsible ambition to use a fiscal policy to help our industries and firms through troughs in the business cycle. We have made a conscious decision to maintain our capital investment program which will total \$10.1 billion over the forward estimates. This helps to sustain the people who work for firms that deliver those infrastructure projects during times of slower demand, and as economic conditions improve, those infrastructure investments will provide a productive capacity to serve our state well and capitalise on the momentum, and position it even better in the future.

In making tough decisions, the government has been mindful of the positive economic impact of infrastructure projects. Measures such as the new Housing Construction Grant and the stamp duty concessions on city apartments are as much about sustaining skills in the construction industry as they are about improving housing affordability for South Australians.

As the IMF's chief economist Olivier Blanchard has observed, the IMF's austerity advice to struggling European economies severely underestimated the effect that this would have on demand in the economy. Austerity policy carries these risks. Despite the present global economic conditions, South Australia's economy is characterised by diversity, size, advantages and an underlying resilience.

Mr MARSHALL: I would like to ask some questions regarding Budget Paper 4, Volume 4, page 57, Program 3: Capital City. Can the Premier explain why, under the 'Employee benefit expenses' line, there was a budget this financial year of \$409,000 worth of expenses, but the estimated result is \$572,000, given that there are only four people in that area and there was no change in the actual FTEs between the original budget and the estimated result?

The Hon. J.W. WEATHERILL: The increase in expenses predominantly relates to a funding of once-off employee termination payments during the course of the year and the supplementation of wages parity enterprise agreement. So those two factors account for the difference.

Mr MARSHALL: What was the first part of it, sorry?

The Hon. J.W. WEATHERILL: The funding of once-off employee termination payments.

The CHAIR: Member for Heysen.

Mrs REDMOND: Can I ask the Premier a supplementary on that? Given that there are only four employees, was that an unexpected departure, because it was not clearly budgeted for?

The Hon. J.W. WEATHERILL: I think the answer is that, because they are voluntary, it is not known with certainty at the beginning of the financial year whether they will be taken up, and obviously there is a general target for the agency but not necessarily a specific one in terms of sub-agencies. So, termination payments are not traditionally budgeted for in that way at the beginning of the financial year.

Mr MARSHALL: Because presumably, if it was just entitlements, they would have been accrued and sat on the balance sheet and would not have been brought to account like this.

The Hon. J.W. WEATHERILL: Long service leave and annual leave are accrued and TVSPs are supplemented by funding by Treasury and obviously hit the budget in the fashion that has been described.

Mr MARSHALL: But just for clarity, what you are saying is somebody left; they were replaced—

The Hon. J.W. WEATHERILL: No.

Mr MARSHALL: Well, the number of employees at the end of the year is exactly the same as was budgeted, so it says here that FTEs as of 30 June were four and were budgeted to be four, so there is no change. Presumably, if the person resigned, they would only have been entitled to their statutory entitlements which would have sat on the balance sheet and it would not have affected operational expenditure.

The Hon. J.W. WEATHERILL: To take up a TVSP, the position has to be abolished, and I will just find an answer. The explanation must be that a position must have been created elsewhere, but I will bring back an answer on that.

Mr MARSHALL: Yes, if we could get details of what position was abolished and then subsequently what position was created and the value of any termination package related to that TVSP, that would be helpful. On page 58 in regard to this same volume, under Targets 2013-14, it states:

Deliver the Capital City Committee's project on reviewing CCTV in the City of Adelaide.

I have been asked by the member for Adelaide to inquire whether that will extend to North Adelaide, and if not whether it should, given recent media relating to concerns some nurses have had travelling home from work.

The Hon. J.W. WEATHERILL: I think the history of this was responding to some of the alcohol-fuelled violence issues that arose in the city and have been worked on for some time. As to the more recent concerns that have been raised about North Adelaide, I am more than happy to take into account the local member's perspective about that and see whether this project has any application or should have any application to it.

Mr MARSHALL: On the same program, can the Premier advise whether the Capital City Committee provided input into the government's car park tax?

The Hon. J.W. WEATHERILL: On the transport development levy that the honourable member refers to I can recall some pretty compelling contributions they made when the Lord Mayor indicated he was contemplating doing something very similar himself—

Mr MARSHALL: Surely not!

The Hon. J.W. WEATHERILL: —before the South Australian government decided to act upon the matter. Obviously since that time the council has adopted a different position, but then more recently has seemed to revisit the idea of returning to the whole notion of a car parking levy only to, as I hear in despatches, change their mind back to their earlier position or some variant of it, so it is a little hard to follow the Adelaide City Council's contribution to the debate.

Mr MARSHALL: So, just for clarity, they were not consulted with regard to the introduction of the transport development levy?

The Hon. J.W. WEATHERILL: That is something that I will answer if you could take it up with me again in the Treasury budget line, because that is where that matter arises, and I will be

able to give you some information about the steps that were taken to engage the Adelaide City Council.

Mr MARSHALL: For clarity, though, why would it come under Treasury when under Program 3 we have \$629,000 allocated to the Capital City project? It states here that this was to ensure coordination between strategic objectives of the state and the council. I am just asking a simple question whether or not this program actually considered the introduction of the transport development levy and, if so, what advice did they provide?

The Hon. J.W. WEATHERILL: The transport development levy is being managed out of a different section of government and so I will be in a better position to answer your question when we get to it.

Mr MARSHALL: Yes, but you are responsible for the four staff—

The Hon. J.W. WEATHERILL: I will still answer the question associated with speaking to the Adelaide City Council. I am happy to supply that information.

Mr MARSHALL: Sorry, I couldn't hear the Premier then.

The CHAIR: Could the Premier repeat his last answer please?

The Hon. J.W. WEATHERILL: When the relevant officer is here from Treasury who has been managing that aspect of the transport development levy, I am happy to supply information about the interactions with the Adelaide City Council. We have lots of different interactions, lots of agencies have lots of different interactions with the Adelaide City Council, and that particular agency has carriage of the transport development levy.

Mr MARSHALL: Yes, but, for clarity, there may have been other interactions with the Adelaide City Council, but the Capital City program—program 3 in your department—was not one of those?

The Hon. J.W. WEATHERILL: I am in regular communication with the Adelaide City Council. There are regular communications about a range of matters, including the transport development levy. Sure, there have been discussions with the Adelaide City Council, but I can assist you with more detail if the relevant officers are here.

Mr MARSHALL: If we could just now go to Budget Paper 4, Volume 4, page 55, Program 2: State Development again, what we understand is that there are 6.2 FTEs in protocol and seven in the new unit which is set up under external relations. What programs are the remaining staff in that department assigned to, and is this where the Economic Development Board secretariat sits?

The Hon. J.W. WEATHERILL: Just to clarify your observations, as I understand it, they are not a different set of employees—one is a subset of the other. So, in Gabrielle Kelly's area, the—

Mr MARSHALL: So, of the—

The CHAIR: The Premier is still answering the question, I think. You will get another chance.

The Hon. J.W. WEATHERILL: So, the six is contained within the seven that we mentioned earlier. The protocol is not a separate six from Gabe Kelly's unit subsumed within the Gabe Kelly unit. In relation to your question about the Economic Development Board—

Mr MARSHALL: Can I just—

The CHAIR: Order! The Premier is still answering the question. I will come to the leader, once he is finished.

The Hon. J.W. WEATHERILL: You are right that the Economic Development Board is supported through that particular section of Program 2: State Development.

Mr MARSHALL: I can't hear a word the Premier is saying.

The Hon. J.W. WEATHERILL: Sorry. Two points: there is no separate seven and six. The seven contains the six, so Gabrielle Kelly's area with seven people in it contains the six from protocol. In relation to your question, or your proposition if you like, that the EDB is within the State Development Program 2, yes, it is. It is administered through that particular program.

Mr MARSHALL: How many people are involved with that and what is the budget line for the EDB secretariat within Program 2?

The Hon. J.W. WEATHERILL: In 2012-13, it was \$1.8 million with 4.8 FTEs. In 2013-14, it is \$1.797 million with four FTEs—that is supporting the EDB.

Mr MARSHALL: So, it goes from 4.8 down to four next financial year.

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: And the budget was about the same, did you say?

The Hon. J.W. WEATHERILL: A bit less: \$1.834 million to \$1.797 million.

Mr MARSHALL: Okay. Just going back to the protocol/external relations department, what we are saying is that the new name for the protocol department, quite frankly, is the external relations department. There is not a huge number of additional functions. In fact, the combined entity is actually less than the sum of the parts of the old protocol unit—6.2 staff last year—which, adding Gabrielle Kelly, presumably takes you to 7.2, and it is going to go back to seven. So, I am just trying to clarify whether this is actually a new unit or whether this is just a job for Gabrielle Kelly.

The Hon. J.W. WEATHERILL: No, something that I have been interested in for some time is the reconfiguration of the role of protocol. We thought it was an ideal opportunity to use the skills of Gabrielle Kelly to head up a reconfigured unit, for the reasons I offered earlier. I think that we are underdone in terms of taking advantage of people who come here to South Australia and we need to be more proactive about who we attract.

It should not just be a unit which is responsive to anybody who decides to come here. Obviously, there are some important formal functions when we have visiting dignitaries, but there are other people who we might want to proactively attract or, when they are here for other purposes, specifically pursue and link up with economic development opportunities. It is why it sits very importantly within the state development function of government.

Mr MARSHALL: Apart from the leadership of that group and changed scope, which I accept, are there any other personnel changes within that new entity?

The Hon. J.W. WEATHERILL: No, there are no present changes in staff.

Mr MARSHALL: And the new budget for it is \$981,000 for the next financial year?

The Hon. J.W. WEATHERILL: I think that number you mentioned is just for the protocol element, so then there will be the additional salary that is brought across for the leader of the unit.

Mr MARSHALL: For clarity, going forward the external relations budget will be the \$981,000 plus Gabrielle Kelly's salary, which is still under negotiation?

The Hon. J.W. WEATHERILL: It is presently her salary, because her current arrangements have been extended. They may remain the same or they may change; it depends what the nature of those negotiations concludes.

Mr MARSHALL: What do they sit at at the moment, then? That will give us the budget for that unit.

The Hon. J.W. WEATHERILL: I will bring that number back.

Mr MARSHALL: Okay. We have now clarified what 11 people are doing in that department, but can you provide some further clarity on what the other 29.2 are doing under that Program 2? I presume things like the Murray-Darling task force workers are concluded and that is reflected in the budget numbers, and also the work that was done previously for the international university support. That, I understand, has been transferred to another department. Could you just clarify that?

The Hon. J.W. WEATHERILL: Obviously there is an economic policy unit within the agency, supporting my role as Minister for State Development. There is a population and migration policy unit that sits within that particular area of government and there is the office of international coordination, which has officers who are responsible for our relationship with, essentially, all overseas countries. Obviously, the world is drawn up into particular sections, and a number of officers have a certain number of portfolios where they observe and maintain relations with our overseas officers and also support visits that are undertaken by ministerial staff or support visits to South Australia by international dignitaries.

Mr MARSHALL: Would you be happy to provide—?

The CHAIR: Order! The Premier has the call.

Mr MARSHALL: Sorry, it is very difficult to hear, to be quite honest, because, one, there is a lot of talking going on and, two, the Premier's microphone is not really working very well.

The CHAIR: There should not be any talking going on. We should all be listening to the Premier, and to the Leader when he is asking his questions. I will ask for the Premier to continue and for everyone to listen.

The Hon. J.W. WEATHERILL: You just had a further question?

Mr MARSHALL: All I was going to say was, I appreciate the headings and I am just wondering whether it is possible for you to provide the detail as per my original question: the breakup of the number of people and the dollars.

The Hon. J.W. WEATHERILL: Sure. We will give you a breakdown of the staff in those areas.

Mr MARSHALL: The staff and the dollar amount for those units. I am happy to read in the omnibus questions.

The Hon. J.W. WEATHERILL: Yes, we can do that.

Mr MARSHALL: I have some further questions that the Premier might like to take on notice. Would you like me to read those in now?

The CHAIR: Yes, read those out.

Mr MARSHALL: They are as follows:

1. Will the Premier provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2012-13 for all departments and agencies reporting to the Premier—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 Premier in 2012-13, 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. In financial year 2012-13 for all departments and agencies reporting to the Premier, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2013-14?

4. Between 30 June 2012 and 30 June 2013, will the Premier 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?

5. For each year of the forward estimates, will the Premier provide the name and the budget of all grant programs administered by all departments and agencies reporting to the Premier; and for financial year 2012-13, provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the Premier—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?

6. For each department or agency reporting to the Premier, what is the budget for targeted voluntary separation packages (TVSPs) for financial years 2013-14, 2014-15, 2015-16 and 2016-17?

7. What is the title and total employment cost of each individual staff member in the Premier's office as at 30 May 2013, including all departmental employees seconded to ministerial offices and ministerial liaison officers?

The Hon. J.W. WEATHERILL: I will take those on notice.

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

[Sitting suspended from 12:46 to 13:45]

DEPARTMENT OF THE PREMIER AND CABINET, \$95,827,000**ADMINISTERED ITEMS FOR THE DEPARTMENT OF THE PREMIER AND CABINET,
\$7,930,000****DEPARTMENT FOR MANUFACTURING, INNOVATION, TRADE, RESOURCES AND ENERGY,
\$89,407,000****ADMINISTERED ITEMS FOR THE DEPARTMENT FOR MANUFACTURING, INNOVATION,
TRADE, RESOURCES AND ENERGY, \$1,325,000****Membership:**

Hon. I.F. Evans substituted for Mr Marshall.

Mr Williams substituted for Mrs Redmond.

Witness:

Hon. J.W. Weatherill, Premier, Treasurer, Minister for State Development, Minister for Public Sector, Minister for the Arts.

Departmental Advisers:

Mr. W. McCann, Commissioner for Public Employment, Department of the Premier and Cabinet.

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

Mr B. Morris, Executive Director, Corporate Operations and Governance, Department of the Premier and Cabinet.

Mr J. Loulas, Manager, Financial Performance and Strategy, Department of the Premier and Cabinet.

Ms E. Ranieri, Public Sector Renewal Program, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr L. Jones, Director, Financial Performance and Strategy, Department of the Premier and Cabinet.

Mr B. Cinnamon, Executive Director, Public Sector Management Division, Department of the Premier and Cabinet.

Mr A. Mills, Executive Director, Office for the Chief Information Officer, Department of Treasury and Finance.

Mr D. Reynolds, Executive Director, Budget Branch, Department of Treasury and Finance.

The CHAIR: I declare the proposed payments open for examination, and I invite the Premier to make an opening statement.

The Hon. J.W. WEATHERILL: I begin by offering my recognition of the invaluable service provided by the South Australian public sector. The public sector employs more than 100,000 people, making it the largest employer in this state, with key jobs in nursing, teaching, policing, emergency services and many other indispensable areas of service delivery.

Since becoming elected, this government has significantly increased the number of employees working in frontline roles providing direct services to the public. While delivering these extra services, we have also sought to drive efficiencies. In the past three years, while we have seen a 3 per cent increase in the number of frontline workers as a percentage of the workforce, we have also seen a corresponding 2 per cent decrease in back-office staff. The number of excess employees has also been reduced through the Sustainable Workforce Program, which has delivered a 54 per cent reduction in less than two years and a saving of over \$16.5 million, and we are committed to delivering more, with a reduction of 5,000 full-time equivalents expected by 2016.

The government has also had a very clear policy on the public sector. We have made it clear what efficiencies we are seeking to deliver, what savings we will make and what assets we will not sell. We made it clear that we will not be hacking into the groups of workers we know

provide support for people in times of need. We will continue to wait, obviously, for the opposition to reveal its policy on these matters but, while doing that, the government is getting on with the job of improving quality and effectiveness in our public services through a more productive and innovative public sector.

We are doing this through a range of initiatives, including at Change@SouthAustralia, through the high-performance framework and through work of the areas of government that support the continued improvement of the public sector as a whole. These include the Office of Public Employment and Review, the Public Sector Management Division and the Public Sector Renewal Program Change@SouthAustralia.

The Office of Public Employment and Review focuses on statutory obligations under the Public Sector Act 2009, supporting the work of the Commissioner for Public Employment in his work as a leader of the public sector and employment matters generally and also in his role as an internal consultant for government. The office continues to improve the quality of the data we have in the shape and size of the public sector so that all of us can place informed decision-making and commentary about the nature and size of the public sector.

The Public Sector Management Division focuses on organisational performance and productivity through a range of initiatives, which have achieved substantial efficiencies in recent years. The Public Sector Management Division has helped to achieve significant reductions in excess staff, reducing this number from 419 to 194 this year. In addition, it has identified significant opportunities to better utilise temporary labour hire, at a cost reduction of \$20 million.

PSMD also administers the high-performance framework agencies use as a primary tool for measuring performance and productivity. To date, the framework has realised 200 evidence-based performance improvement initiatives, which are being progressively rolled out to realise productivity gains. Through Change@SouthAustralia, the Public Sector Renewal Program has accelerated the delivery of more efficient, innovative and effective services.

Recently, we have completed the first of a round of 90-day projects which, amongst other things, deliver significant progress in initiatives that would otherwise take longer to deliver. A second round of these 90-day projects has begun, with a focus on red-tape reduction and online services.

The public sector is responding to these changes. They are excited about the changes we are making. It is giving more say to people on the frontline to make changes to the lives of everyday people. We will build on this work. We believe in treating the public sector as an asset whose value should be realised, not a burden which needs to be minimised.

The CHAIR: Does the member for Davenport want to make an opening statement?

The Hon. I.F. EVANS: No, thanks.

The CHAIR: Questions.

The Hon. I.F. EVANS: Premier, in your opening statement, you mentioned how, over the last three years, you had increased the number of people in frontline services and decreased people in the back office services. Can you provide to the committee, for each of those years and for each year across the forward estimates, the government's estimated breakdown of those in frontline services and those in back office services?

The Hon. J.W. WEATHERILL: Yes, I can provide that information. Some of it will emerge from this answer, but the details of breaking it down in the way in which you have suggested, we may have to take some of that on notice. As at 30 June 2012, which is the date for when we have the most recent data about the composition of the public sector, there are 85,727 full-time equivalents, or 103,649 people employed. Some 34,060 of those FTEs were police, doctors, nurses and teachers (almost 40 per cent of the public sector), and this number and proportion has substantially increased since 2003.

Twenty-four thousand and eighty-three of the FTEs were in other frontline or direct service roles, making up almost 70 per cent in the public sector, once you add those two numbers together. These include: firefighters; ambulance officers; and allied health professionals, such as physiotherapists or radiographers, school service officers or disability workers. Of the FTEs, 27,585 were employed on policy administrative roles (about 30 per cent of the public sector). Many of these roles are vital to the prosperity of this state or the wellbeing of our citizens.

Since 2002, we can tell you that, based on FTE figures, there are 1,360 more medical officers (an 87 per cent growth), 4,389.9 more nurses (a 54 per cent growth), 461.7 emergency

services officers (a 34 per cent growth), 755.8 more police officers (a 20 per cent growth), and 1,607.4 more teachers and school services officers (a 9 per cent growth). I will break that down in the way in which you have requested by taking that on notice.

The Hon. I.F. EVANS: Premier, Volume 4, page 65 deals with Public Service reform and management. There has been some media coverage in regards to the PSA winning job security provisions and protection of existing condition provisions in EBAs negotiated over the last 12 months. Can you provide the house with a list of all of the job security provisions and all of the protection of existing condition provisions that have been inserted into EBs negotiated over the last 12 months?

The Hon. J.W. WEATHERILL: I will take that on notice, but just for the sake of the information for the honourable member, I am presently advised that there are no job security measures which extend beyond 30 June 2014. There have been claims of that sort, but there have not been agreements. But, we will take that on notice and bring back an answer about each of those specific enterprise bargaining agreements.

The Hon. I.F. EVANS: Following on from your last answer: is that because it is still the government's intention to abolish the no forced redundancy policy for the Public Service as at the March 2014 election? I am assuming, from your answer, that it will all take effect from 1 July 2014?

The Hon. J.W. WEATHERILL: Yes.

The Hon. I.F. EVANS: The government has reduced the TVSPs from 116 weeks down to 52 weeks from 1 July 2014.

The CHAIR: Is this still the same budget paper number?

The Hon. I.F. EVANS: Yes, it is. How is the 52 weeks from 1 July 2014 different to what would be paid out under the act if the no forced redundancies measure is withdrawn? In other words, if they are paid out under the act, how is that different to the TVSP offering, or is it just the same?

The Hon. J.W. WEATHERILL: Well, TVSP is voluntary, for a start, so if there were to be a redundancy that was created under a new policy, the act prescribes the basis on which people can be made redundant. The act I think has always permitted terminations on account of redundancy. It is a policy which has dictated that we have not been doing that during the life of this government, but, as I understand it, the act itself does not provide for a redundancy payment in the event of termination on account of redundancy.

It provides a process which permits redundancy, but that is traditionally a matter that has been left for negotiation in enterprise bargaining agreements. As things presently stand, there is not such an agreement that provides for a payment in the event of termination for redundancy, partly because the union is still contesting the idea of whether that should happen.

The Hon. I.F. EVANS: Sorry, the union are still contesting?

The Hon. J.W. WEATHERILL: Contesting the idea that there should be forced redundancies. So, for them, as a matter of consistency, they have never negotiated an enterprise bargaining agreement that provides for what a worker would receive on termination of employment on account of redundancy, because their first position is that that policy should not change.

The Hon. I.F. EVANS: Right, so are you advising the committee that, in the EBs, there is no provision for a payout if someone is forced to leave the Public Service?

The Hon. J.W. WEATHERILL: Yes, that is as I understand it.

The Hon. I.F. EVANS: So there is no payment?

The Hon. J.W. WEATHERILL: Well, that is not to suggest there would not be a payment in those circumstances. It is just that no specific agreement has been reached about what such a payment would be.

The Hon. I.F. EVANS: So that is being negotiated between now and the March election, is it?

The Hon. J.W. WEATHERILL: That is something that would have to be grappled with in the lead-up to the implementation of the removal of the no forced redundancy policy. Obviously, the union is the principal representative of public sector workers, and its principal position is that there should remain a no forced redundancy policy, but that is different from the government's position.

The Hon. I.F. EVANS: Would it be an EB-by-EB negotiation, so you might end up with different payouts across different EBs, or is it the government's intention to negotiate one uniform payout system across all EBs?

The Hon. J.W. WEATHERILL: I think the experience in the commonwealth system, which has moved away from no forced redundancies, is that it is rarely used. A process of attrition or voluntary separations allows the relevant numbers to be achieved. It would be in limited cases, we would imagine, that there would be a need for striking a redundancy payment in the event of a forced redundancy. That certainly would be the intention.

The first step, even before you get to redundancy, is to find alternative employment through a process of attrition. The next step is obviously to look to possibly people on fixed-term contracts and the non-renewal of those, and then, presumably, of course the possibilities of voluntary separation before you would get to the question of compulsory termination.

The Hon. I.F. EVANS: Premier, in your answer, you mentioned attrition from the Public Service. That has been a matter of some debate in the house from time to time. With the commissioner there, I am just wondering whether you can give us any further clarity around the number of public servants who leave the Public Service each year and do not re-enter. What is the level of attrition the government is currently claiming exists within the Public Service?

The Hon. J.W. WEATHERILL: Perhaps I will begin and then, if I miss anything, the commissioner might be able to supplement it. In 2012, there were 14,199 separations from public sector agencies, but it is estimated that 7 per cent of the total number of public sector employees leave entirely each year due to targeted voluntary separation packages, retirement and other reasons. This equated to approximately 7,200 employees in 2012. In addition, there are a large number of employees transferred to other public sector employment, either within their own agency or to another public sector agency. The relevant number in terms of attrition is the 7,200 number, which is employees who have left the service entirely.

The Hon. I.F. EVANS: So, 7,200 leave the Public Service altogether?

The Hon. J.W. WEATHERILL: Yes.

The Hon. I.F. EVANS: How many of those are a result of TVSPs, or is that a different figure again?

The Hon. J.W. WEATHERILL: That is a different figure again.

The Hon. I.F. EVANS: So, 7,000-odd leave without receiving a TVSP?

The Hon. J.W. WEATHERILL: No, a subset of that would be TVSPs. So, partly TVSP, partly retirement due to age, and maybe other reasons where they leave the sector and go to another sector of the service—the commonwealth, local government or perhaps the private sector.

The Hon. I.F. EVANS: How many who leave the Public Service are not receiving a separation package and how many who leave are receiving a separation package, out of that 7,200 figure that you have just given?

The Hon. J.W. WEATHERILL: This will not match up neatly with the period I just referred to, but let me give you some idea of the order of magnitude. Between 1 November 2010 and 31 March 2013 a total of 1,483 separations (1,374 full-time equivalents) have been delivered through TVSPs, so you would imagine it would be a relatively small proportion over one year. To assist, Budget Paper 3, page 32 gives you the TVSPs over the last three years, and they seem to be running at around 400 to 500 per annum, so it is the smaller part of the 7,200 separations.

The CHAIR: I ask the member for Davenport to refer to the budget papers so that we know where he is at.

The Hon. I.F. EVANS: As the Premier referred to, it is Budget Paper 3, page 32.

The CHAIR: Thank you.

The Hon. I.F. EVANS: In Budget Paper 3, page 32, there is the figure of 1,483 total separations through TVSPs. That is over three years.

The Hon. J.W. WEATHERILL: Yes.

The Hon. I.F. EVANS: I think you had a figure of about 7,200 in the 2012-13 year. Is that right?

The Hon. J.W. WEATHERILL: Of separations, yes.

The Hon. I.F. EVANS: On page 32 it has 'Total separations through TVSPs' and 529 is the estimated result. Is it fair for the opposition to assume that, if you take the 529 off the 7,200, you get the figure of people who leave the Public Service without a TVSP and do not re-enter the Public Service?

The Hon. J.W. WEATHERILL: We will reflect on that, but I think there is a small number there for executive contract terminations, which will also affect the equation. I think, broadly, that is correct, but what we will do is we will reflect on this and give you the answer.

The Hon. I.F. EVANS: Isn't the number of centrally-funded executives 11? Isn't that the number underneath, 11 in number?

The Hon. J.W. WEATHERILL: Yes.

The Hon. I.F. EVANS: So if I use the 529, am I using the right figure?

The Hon. J.W. WEATHERILL: It depends what you use you are going to put it to.

The Hon. I.F. EVANS: What I am trying to establish is the number of public servants that leave the Public Service every year, do not re-enter the South Australian Public Service, and do not receive a TVSP when they leave?

The Hon. J.W. WEATHERILL: It is an approximate number there and these are more specific numbers, but we will find the proper number which is 7,200 minus 528 minus 11. Those TVSP numbers are also recorded as the year to 31 March 2013, so there is a little bit of difference between the periods that we are analysing, but we will give you a detailed explanation of that.

The Hon. I.F. EVANS: As of 30 June then, I assume, for the full 12 months then? When you come back to me it will be for the full 12 months?

The Hon. J.W. WEATHERILL: Yes.

Ms BETTISON: With reference to Budget Paper 4, Volume 4, page 64, Sub-program 6: Office of Public Employment and Review, does the Office of Public Employment and Review compile information about the composition of the public sector workforce and, if so, what does that information demonstrate about its size and the division between front-line and support services?

The Hon. J.W. WEATHERILL: I thank the honourable member for her question. As I mentioned earlier, we do have that data and I think what it demonstrates is that not only is 70 per cent of the workforce in these front-line roles—the 40 per cent which are police, doctors, nurses and teachers and the other 30 per cent in things which are very much front-line or direct support roles—but I think we also need to bear in mind that, of those remaining 30 per cent, they also play crucial roles in the future prosperity of South Australia.

For instance, amongst those policy roles and so-called administrative roles, are people who facilitate the regulatory and development opportunities in our mining and resources sector. So all of the work that has gone into the production of the road map for unconventional gas, which is unlocking extraordinary opportunities in the Cooper Basin, is all done by public servants.

There is a direct relationship between the fact that we are rated as the number one jurisdiction in the world by the Fraser Institute about our mining and resources data and administrative processes—there is a direct connection between that and the public servants that do that role. So it would be wrong to assume that, even though we are talking about 70 per cent front line and 30 per cent administrative, those administrative roles are not vital to the future prosperity of South Australia.

If you combine that with the data that we just saw about the attrition rate, of the 7,200 employees who leave, a proportion of those employees, 70 per cent—if one assumes that the separations are distributed normally across the service—will be in front-line roles and they will be necessary to replace: police, doctors, teachers, emergency services officers and nurses. Those roles will need to be replaced. So the opportunity for simply using attrition to deal with these issues is similarly constrained.

It is important, we believe, that any discussion about the optimum size of the public sector and any perceived need to reduce its size, the shape of it is always borne in mind. We think that suggestions that we do hear from time to time by those opposite of substantial inroads that might be able to be made in the public sector need to take into account the number of front-line tasks that exist and the importance of a number of these administrative roles. That does not mean that we

cannot continue to achieve efficiencies, and we will need to in order to deliver the 5,000 FTE reduction that is already part and parcel of these budget figures.

Mr ODENWALDER: I refer the Premier to Budget Paper 4, Volume 4, page 66. Can the Premier explain or expand on how public sector employees who are declared excess are quickly placed in gainful employment?

The Hon. J.W. WEATHERILL: I thank the honourable member for his question. In 2011 we did provide for a central redeployment management program to reduce the number of people who are excess as a result of workplace reductions and the program has been extraordinarily successful. As at April, it has achieved 100 per cent reduction in employees who have been excess for over five years; a 22 per cent reduction for employees who have been excess for between two and five years; a 12 per cent reduction for those in excess of a year; and a 68 per cent reduction for those less than a year. It is a very significant improvement in our management of workplace reductions and the resolution of a number of long-term redeployment matters.

As of July 2011, there were 419, now there are (in April 2013), 194 excess employees—a 54 per cent reduction and a \$16.5 million saving. Since 2011, 736 excess employees have been placed in long-term funded roles and, of the 193 employees currently excess, 63 are available for immediate placement, as the others are in funded short-term roles or on leave. All 63 employees were available for placement undertaking necessary work. There is no employee who is without duties and there is no transit lounge either centrally or within agencies.

The Hon. I.F. EVANS: Following up on a similar line of questioning to the member for Little Para, for each department and agency reporting to the minister can the minister take on notice and provide to us as at 30 June this year how many surplus employees there will be at that date? For each surplus employee, what is the title or classification of the employee and the total employment cost of the employee? Also, as to the intervention program that you have put in place, how many FTEs are involved in that and what is the total cost to that program?

The Hon. J.W. WEATHERILL: We will take that on notice and bring back an answer.

The Hon. I.F. EVANS: On the Public Sector Renewal Program, how many FTEs are involved in that within your agency and what is the total budget within your agency and across government?

The Hon. J.W. WEATHERILL: Budget Paper 4, Volume 3, Program 1: Public Sector Renewal identifies the costs and expenses associated with running the program.

The Hon. I.F. EVANS: Sorry, Premier. What page was that?

The Hon. J.W. WEATHERILL: Page 112.

The Hon. I.F. EVANS: What is the total cost of the program?

The Hon. J.W. WEATHERILL: Total expenses are \$1.8 million in 2012-13 and, in 2013-14, it will be \$1.5 million.

The Hon. I.F. EVANS: Why is that under the Department for Manufacturing, Innovation, Trade, Resources and Energy?

The Hon. J.W. WEATHERILL: Because what we have traditionally done in relation to public sector renewal is second employees from a range of government agencies; that has been historically how we have funded the Public Sector Renewal Program. Ms Ranieri has an existing placement within the Department for Manufacturing, Innovation, Trade, Resources and Energy and so it was convenient to locate that program within her existing agency; that is where she draws her supports.

The Hon. I.F. EVANS: Is it being funded across the forward estimates at the same level?

The Hon. J.W. WEATHERILL: Yes, \$1.5 million over the forward estimates.

The Hon. I.F. EVANS: Each year?

The Hon. J.W. WEATHERILL: Yes.

The Hon. I.F. EVANS: What programs are they working on?

The Hon. J.W. WEATHERILL: As you will see in the papers here, on page 113 it sets out a number of the steps that are being taken in the 90-day change projects which are really at the

heart of the Public Sector Renewal Program. Essentially, they are about action-based learning. They are individual projects dealing with particular areas that need attention within the public sector. Those areas are made the subject of a 90-day project which, therefore, puts a focus on those things.

What is learnt from those programs is then expanded upon and used across the broader public sector. The idea is that each of these programs will eventually touch every agency and lead to culture change within the public sector. There is a series of the first-round projects there and there is a series of second-round projects which are underway.

The Hon. I.F. EVANS: So, there are 200 possible projects. How many have been completed?

The Hon. J.W. WEATHERILL: The first-round projects, as I say, are set out on page 113.

The Hon. I.F. EVANS: Yes, but how many of those have been completed in the last 12 months?

The Hon. J.W. WEATHERILL: All of the first-round projects have been completed because they are, by definition, 90-day projects. So, they have all been concluded and they are all set out on page 113.

The Hon. I.F. EVANS: Is there a list of the other 200 or 200 less first-round projects? I assume there is a list somewhere of all these projects.

The Hon. J.W. WEATHERILL: The high-performance framework is the thing that has led to the 200 productivity improvements, and that is a different exercise. That is a leadership program that has led to a series of discrete changes within agencies. I do not have the list of the 200 productivity changes, but they are things that have emerged out of that high-performance framework.

The Hon. I.F. EVANS: If you could take on notice and provide to the committee the list—

The Hon. J.W. WEATHERILL: Sure.

The Hon. I.F. EVANS: —that would be handy. Premier, Mr McCann, I think, still works as a consultant for the agency as well as commissioner.

The Hon. J.W. WEATHERILL: He works in a role which would, if it was performed outside of the government department, be described in the nature of a consultant. So, essentially, he provides, on a case-by-case basis, project work for agencies on particular issues that might arise within their portfolio. For instance, for me, when I was in the education portfolio, he did a piece of work concerning the Cora Barclay Centre. He does discrete projects of that sort, which are in the nature of an in-house consultancy.

The Hon. I.F. EVANS: What is the time split between his role as commissioner and consultant, and how much has he been paid the last 12 months for his consultancy work?

The Hon. J.W. WEATHERILL: He doesn't get paid as a consultant: he just gets paid as the Commissioner for Public Employment. He attributes approximately 50 per cent of his time to the role of commissioner, in addition to his other internal consultancy services to government, and also provides high-level duties in special assignments allocated by me and other ministers.

The Hon. I.F. EVANS: So, he gets paid nothing as a consultant? He just gets paid as a commissioner?

The Hon. J.W. WEATHERILL: Yes.

The Hon. I.F. EVANS: The time split?

The Hon. J.W. WEATHERILL: This is an estimate by Mr McCann, but he attributes approximately 50 per cent of his time to the role of commissioner, and then he has a range of other internal consultancy services and other high-level duties in special assignments that he is given by me or ministers.

The Hon. I.F. EVANS: Is there any other chief executive across the Public Service that also works as a consultant in a similar manner to Mr McCann?

The Hon. J.W. WEATHERILL: No, I don't think so. It might be worth adding that it is an incredibly valuable and cost-effective way of us getting the work done. Frankly, having considered

a number of consultant reports over the 11 years I have been in this role, I find Mr McCann's reports to be of the highest quality and, certainly, they come at a much lower price.

Ms BETTISON: My question is to the Premier, with reference to Budget Paper 4, Volume 3, pages 112 to 113, Program 1: Public Sector Renewal. Can the Premier explain how the government's Public Sector Renewal Program, called Change@SouthAustralia, has helped improve the productivity of the public sector?

The Hon. J.W. WEATHERILL: In a word, or a phrase, culture change. It is basically changing how public servants see their role and it is designed to create a more dynamic and productive public sector, with an emphasis on service delivery, but also taking real responsibility for your own decisions, rather than just doing something the way it has always been done or complying with a set of rules which seem to constrain the way things should be done, even if you think that there might be a better way of doing it. It is giving people the permission to do new things in new ways.

The program has three key elements: articulating a set of values, behaviours, practices and, importantly, taboos, things that you should not do, which are intended to help change the culture of the public sector; a range of 90-day projects, which are directed at change, which will accelerate change in a range of ways; and the development of a change management toolkit to support and improve the ability of the public sector to deliver change.

Each of these elements is improving productivity in our public sector day. We are not waiting for some external consultant to tell us how to get on with it. We are getting on with the job of lifting productivity with our own workforce. The 90-day change projects in particular are helping accelerate improved service delivery. Up to 35 projects will be delivered in the first 12 months, each improving the productivity of the workforce, with significant flow-on benefits across government.

As we have noted, the first round has been completed, and some of the highlights are worth pointing out. One of the most successful has been the focus on getting healthy patients home sooner through the process of criteria-led discharge. Essentially, it authorises health professionals to discharge patients rather than waiting on doctors once they have met predetermined criteria. We have successfully implemented this project at Flinders Medical Centre and we are now rolling it out more broadly.

An example of the benefit of this project was demonstrated when an expectant mother suspected of going into labour arrived at Flinders. After being assessed by a skilled midwife, the mother was discharged within four hours of her arrival, as she was not ready yet to give birth. She was not required to wait for a doctor. The mother was able to return to the comfort of her home until the labour progressed. The woman now has a healthy baby. The criteria-led discharge really frees up capacity in our hospital system.

The other highlight, I think, has been getting police back in the community. SAPOL trialled fast tracking of court processes for relatively minor victimless offences, such as road traffic offences. Instead of delivering a summons by hand, police officers send a text message following a phone call to the person. The results have been outstanding, police officers saving an average of 27 minutes per offender. Fast tracking offenders who are willing to plead guilty has resulted in a 29 per cent increase in matters that are resolved on the first court appearance. The model has been trialled at Holden Hill, but due to its success it is being extended to the Adelaide Magistrates Court.

The Hon. I.F. EVANS: Just back on Mr McCann as a consultant, can the Premier provide a list of all the reports Mr McCann has done in his role as a consultant?

The Hon. J.W. WEATHERILL: I can. In August 2010, the regulation of VET services for overseas students in South Australia; January 2011, a review of the Cora Barclay Centre, that I mentioned earlier; June 2011 a review of the operational performance of Housing SA; January 2012 a report of the independent review of the Health Performance Council membership structure; June 2012 payments of accounts review; July 2012 a review of South Australian major events held in March; and October 2012 a review of non-hospital based services.

In addition, Mr McCann is currently conducting two additional consultancies, a review to identify the strengths, weaknesses, opportunities and threats of Adelaide's current status as a festival city, to specify actions and strategies to maximise our competitive position for the benefits of Adelaide as a centre of major cultural arts festivals. That is for the minister assisting the Minister for the Arts. That is to be completed by the end of August.

The Minister for Health and Ageing has engaged Mr McCann to conduct an independent review which will consider the efficacy and appropriateness of SA Health's policies, procedures and processes around the suspension of health practitioners from duty in circumstances where there is suspected harm or serious risk to patients, clients or staff. That is expected to be completed soon. Again, can I say that the costs associated with those things, if they were external consultancies, would, I think, far exceed Mr McCann's salary for the Commissioner for Public Employment.

The Hon. I.F. EVANS: I do not quite understand why he could not have simply done them as commissioner for public employment.

The Hon. J.W. WEATHERILL: Well, he effectively is. We are describing it as an in-house consultancy more for internal discussion. That nomenclature is not used in any relevant sense elsewhere.

The Hon. I.F. EVANS: Referring to page 184 in Budget Paper 4 regarding boards and committees, you will probably have to take this on notice, I would suspect: what is the total amount of retention allowance, relocation allowance, attraction allowance and retainer fees paid to members of government boards and committees for the 2012-13 year finishing 30 June; and what is it for each category across the forward estimates? For each committee and board where someone is receiving any of those payments, what is the total amount of each payment for that particular committee or board for the 2012-13 financial year?

The Hon. J.W. WEATHERILL: We will take that on notice.

The Hon. I.F. EVANS: In the 2012-13 budget, the government introduced the public sector skills and experience retention entitlement for those who have served over 15 years. What is the estimated result for 2012-13?

The Hon. J.W. WEATHERILL: We will have to take that on notice. It would be in each agency, so we will have to aggregate that data for you.

The Hon. I.F. EVANS: If you could, and also then, the new estimates across the forward estimates including the year 2016-17.

The Hon. J.W. WEATHERILL: To the extent that those numbers are calculated, it rather presumes that somebody retires, doesn't it? We will take it on notice to see if that data is collected and, if it is, it will be made available.

The Hon. I.F. EVANS: In the Budget Measures Statement for the 2012-13 budget, on page 12, someone calculated the cost of that provision across all the forward estimates. I assume it is possible to calculate the new figures based on the experience of having it in place for 12 months and then someone would have recalculated it across the forward estimates.

The Hon. J.W. WEATHERILL: For the information you request, there has not yet been the experience of a financial year under the new arrangements to be able to make an assessment of the number that you seek, but once that is known, then we may be in a better position to answer your question.

The Hon. I.F. EVANS: Under this new scheme, they have the capacity to cash out the leave. Has there been any record kept of how many are taking up the opportunity to cash it out?

The Hon. J.W. WEATHERILL: Because this is a new proposition and because the process is that that will happen in July and August, those events have not yet occurred, so there is no relevant event to record in terms of the data. That will be known later this year.

The Hon. I.F. EVANS: I apologise, Premier, I did not quite hear you. What is the relevance of July and August?

The Hon. J.W. WEATHERILL: July and August is, I understand, the period during which chief executives will be seeking to communicate with staff about whether they wish to make application to the chief executive to cash out any relevant benefits, so the event that you are asking us to provide information about has not yet happened and we do not know how many people will take it up during that period.

The Hon. I.F. EVANS: So the only opportunity the staff member has is once a year in July or August? You cannot go to your CEO and say, 'I want to do it in February, March or April because I am on holidays and I want the money'?

The Hon. J.W. WEATHERILL: I think as a matter of practice that is what will happen. This is the first year it has happened, so this will be the first opportunity for people.

The Hon. I.F. EVANS: Is this built into EBs, or is it just a policy thing? Is the whole scheme actually in the EBs?

The Hon. J.W. WEATHERILL: It is a policy.

The Hon. I.F. EVANS: Is part of the role of this section of the Public Service to benchmark the performance of the South Australian Public Service productivity against other states or other public services and, if so, have any South Australian reports been done in the last 12 months that do benchmark South Australia's performance against other states?

The Hon. J.W. WEATHERILL: There is a range of different metrics that allow you to compare performance between jurisdictions. The RoGS data gives you some capacity to make relevant comparisons between jurisdictions, but care needs to be taken with some of that data because of the different configuration of the South Australian population.

For instance, South Australia has one of the highest proportions of relatively small population aggregations in the nation, which tends to have the effect of meaning that it is a more expensive system to run because of economies of scale which tend to accrue to larger jurisdictions, where the concentration of population is higher. We draw on the COAG and other RoGS data, which allows us to make comparisons between the effectiveness of our Public Service and other public services around Australia.

The Hon. I.F. EVANS: I refer to Budget Paper 4, page 65. What is the annual cost of the Public Sector Grievance Review Commission, and how many matters did it deal with in the last financial year?

The Hon. J.W. WEATHERILL: The Public Sector Grievance Review Commission was established under the Public Sector Act 2009, and it commenced operation when the act was proclaimed in February 2010. Employment decisions are reviewed by the Industrial Relations Commissioner, and the Governor appoints the presiding member and assistant commissioners. Sir David Stevens holds the Presiding Commissioner position and provides additional support for the function. Two assistant commissioners have been appointed, and they are Ms Kathleen McEvoy and Ms Anne Burgess.

The commission is funded by the Department of the Premier and Cabinet. The commission requires 0.8 FTE (ASO 5 salary) to provide administrative support (\$70,000) and approximately \$50,000 to cover payments to commissioners, plus sundry expenses (\$5,000); this equates to a total annual cost of \$125,000. I am sorry, but we do not have the number of grievances; we will take that on notice.

The Hon. I.F. EVANS: In order to understand it right: it is simply a secretariat that services part of the Industrial Relations Commission that specialises in Public Service matters. Is that essentially it?

The Hon. J.W. WEATHERILL: It is a grievance commission that sits separately and apart from the Industrial Relations Commission. The Industrial Relations Commission will use—

The Hon. I.F. EVANS: How much is the cost of the two or three commissioners, then? It must be more than \$125,000.

The Hon. J.W. WEATHERILL: No; they are all part time. It is \$125,000.

The Hon. I.F. EVANS: I refer to Budget Paper 4, page 65. What is the budget for the Australian and New Zealand School of Government initiative, and how many FTEs are involved in that program?

The Hon. J.W. WEATHERILL: \$100,000.

The Hon. I.F. EVANS: \$100,000 each year across the forward estimates?

The Hon. J.W. WEATHERILL: Yes.

The Hon. I.F. EVANS: And that includes any travel? That is the total budget, is it?

The Hon. J.W. WEATHERILL: That is the membership fee for us participating in ANZSOG, and is \$100,000 per annum.

The Hon. I.F. EVANS: How many public servants are involved in this program? You are paying \$100,000 a year membership, so how many people across the Public Service are involved in it?

The Hon. J.W. WEATHERILL: We will take that on notice. It varies from year to year, but essentially it gives us access to the resources associated with ANZSOG which have been assisting us in a general sense with our public sector renewal efforts. Also, individual members of the Public Service may participate in ANZSOG programs from time to time.

The Hon. I.F. EVANS: The Public Service workers compensation scheme, is that handled by Mr McCann, or do I ask questions of minister Rau?

The Hon. J.W. WEATHERILL: That is minister Rau.

The Hon. I.F. EVANS: That's what I thought; okay. Budget Paper 4, Volume 4, page 64 talks about high-level reviews being requested of the agency by ministers. Other than the ones Mr McCann has done, what other high-level reviews have been requested by any minister in the last 12 months?

The Hon. J.W. WEATHERILL: No, it is limited to those matters that we referred to.

The Hon. I.F. EVANS: Budget Paper 4, Volume 4, page 71 deals with ICT services under the Chief Information Officer. I notice that we have spent money to set up 'email and SMS notifications alerting them to expiring vehicle registrations'. What was the total cost of establishing that, and what is the total annual cost of administering that?

The Hon. J.W. WEATHERILL: Joining me now, sir, is Andrew Mills, the Chief Information Officer. We have to take that question on notice, I am afraid.

The Hon. I.F. EVANS: So no-one knows how much it costs to establish the reminder system for the—

The Hon. J.W. WEATHERILL: I am sure we do; we just don't have it at our fingertips. We will supply the answer to you as soon as we can.

Ms BETTISON: I refer to Budget Paper 4, Volume 4, Program 7, Sub-program 7.1, page 69. Can the Premier advise why the government has made the public release of more government data a target for 2013-14?

The Hon. J.W. WEATHERILL: I thank the honourable member for her question. There is an enormous amount of expertise and knowledge in our community that can be unlocked to help us to improve the delivery of public services. One way of seeking to unlock this expertise is providing our information industry with more raw material—more data—that can be used to invent new solutions and develop new products that provide community benefit.

The target to increase the amount of data that is released will build on the success of Unleashed, the government's open data competition, held from 31 May to 2 June as part of GovHack, a national open data event. Unleashed invited web programmers, app developers, entrepreneurs, web designers, coders and open data devotees to put their skills to the test to create new ideas and digital solutions that benefit the community.

Supported by DPC, staff from across government prepared depersonalised data sets for public release and use in the competition. The results have been encouraging. In all, 105 registered competitors participated in Adelaide, including people who travelled from the regions. Of the 133 teams registered across the nation, 26 teams were in Adelaide. Four national prizes were awarded to South Australia and South Australia was recognised as the best government contributor, emphasising the enthusiasm that Unleashed generated across digital entrepreneurs in our state. These achievements provide a strong foundation to build on in 2013-14 as we increase the public release of government data.

The Hon. I.F. EVANS: Budget Paper 4, Volume 4 talks about the reduction in executives. There was a target to cut 138 executives in the 2010-11 budget across the 2012-13 and 2013-14 years. Can you advise what is the net reduction in executives in the 2012-13 year and each year across the forward estimates, and is this target on track?

The Hon. J.W. WEATHERILL: Yes, as you note, the 2010-11 budget was where we committed to reduce the number of executives by 20 per cent by 30 June 2013. There has been significant progress. As at 31 March, there was a 15.6 per cent reduction. This has been achieved through a combination of 58 separations through early termination of contracts and other decreases, predominantly through abolishing vacant positions, of 64.

In terms of if we are on track for the future, I will have to take that on notice, but obviously our intention is to try to achieve the 20 per cent target, and we are at 15.6 per cent at the moment.

In relation to this particular agency, we have reached the 20 per cent reduction within the Department of the Premier and Cabinet.

The Hon. I.F. EVANS: Following up on that, how many public servants are there that are not classified as part of the executive service but are paid a salary level, when bonuses and entitlements are included, that is equal to or greater than the lowest level of the South Australian executive service?

The Hon. J.W. WEATHERILL: We will have to take that question on notice, because there would be some teachers, presumably, and police officers that would fit into that category, and other allowances, because they work in remote regions, etc., that might take them into that territory. I will have to take that on notice.

The Hon. I.F. EVANS: What was the number—when the original target was set to cut it by 20 per cent—of the executive service then, and what is the expected number as at 30 June this year?

The Hon. J.W. WEATHERILL: As I said, the original number was 787 budgeted executive positions as at 30 June 2010, and there has been a 122 FTE reduction. Just to supplement, in answer to an earlier question, I mentioned the ANZSOG budget was \$100,000. It is actually \$117,000.

The Hon. I.F. EVANS: Ministers still do not get involved in the setting of Public Service salaries, do they? That is ultimately a matter for non-ministers.

The Hon. J.W. WEATHERILL: Well, except to the extent that the Cabinet sets the parameters for Public Service negotiations with—

The Hon. I.F. EVANS: But on an individual level, ministers do not get involved?

The Hon. J.W. WEATHERILL: No.

The CHAIR: There being no further questions, I declare consideration of the proposed payments for Department of the Premier and Cabinet and Administered Items for Department of the Premier and Cabinet adjourned until 28 June, and Department for Manufacturing, Innovation, Trade, Resources and Energy and Administered Items for the Department for Manufacturing, Innovation, Trade, Resources and Energy adjourned to Committee B.

ARTS SA, \$132,559,000

Membership:

Mr Marshall substituted for Hon. I.F. Evans.

Mrs Redmond substituted for Mr Williams.

Mr Gardner substituted for Mr Treloar.

Witnesses:

Hon. J.W. Weatherill, Premier, Treasurer, Minister for State Development, Minister for Public Sector, Minister for the Arts.

Hon. C.C. Fox, Minister for Transport Services, Minister Assisting the Minister for the Arts.

Departmental Advisers:

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

Ms A. Reid, Group Executive Director, Arts and Cultural Affairs.

Mr J. Loulas, Manager Financial Performance and Strategy, Corporate Operations and Governance, Department of the Premier and Cabinet.

Mr J. Andary, Director Arts Development and Planning, Department of the Premier and Cabinet.

The CHAIR: I declare the proposed payments open for examination. I invite the Premier to introduce any new staff and also to make any opening remarks.

The Hon. J.W. WEATHERILL: I will begin by noting that our support for the arts and cultural sector remains strong, and our budget reaffirms that. Overall, Arts SA's total expenditure budget for 2013-14 has increased by 3 per cent, from \$131.2 million to \$134.8 million. South Australia's major cultural institutions—the Art Gallery of South Australia, the State Library of South Australia, SA Museum, History Trust and Carrick Hill Trust—will receive an \$18.2 million funding injection over the next four years, which will underpin their future. This funding will allow the institutions to maintain the quality of their collections and find new ways to attract people to see them.

In addition, the government has allocated \$6 million in the budget for infrastructure works at the Adelaide Festival Centre. The Festival Centre, which is celebrating its 40th anniversary as the city's major cultural centre, will receive \$3.5 million for rectification works and \$2.5 million for the fit-out of administrative facilities, including offices. Our Festival Centre provides a focal point for the state's myriad performing arts activities and major festivals, including the Adelaide Festival, Adelaide Cabaret Festival and OzAsia.

Our major arts festivals and events continue to go from strength to strength, and this budget continues our commitment to support their growth through ongoing funding. The 2013 Adelaide Fringe was the biggest and longest yet, with additional government funding extending the event by a week to four weeks. It reached 1.8 million people in attendances, an increase of 13 per cent on 2012, and hosted a record 930 registered events across 323 venues. Paid performances recorded 407,153 tickets, which is a 10.9 per cent jump on 2012. The Fringe pumped \$64.6 million into the South Australian economy, which is a 34 per cent increase on 2012.

The Adelaide Festival held in March resulted in an economic impact of \$25.3 million to the state, up from \$14.7 million in 2012. More than 330,000 people attended events over the 17 days of the festival, with the free opening night concert luring 25,000 people to Elder Park and surrounding areas. Of all the visitors to ticketed events, some 29 per cent travelled from interstate and overseas, generating 112,072 visitor nights and \$15.5 million in new revenue to the state.

We have just seen the conclusion of the extraordinary *Turner from the Tate: The Making of a Master* exhibition, generating the largest exhibition attendances in almost a quarter of a century. The exhibition of works by iconic British artist Joseph Mallord William Turner, including some never before displayed in public, attracted 92,000 visitors to the gallery—a record 36.2 per cent from outside the state.

Also included in this budget is new funding of \$400,000 for restoration works at the old police barracks, the armoury and stables buildings located in the North Terrace precinct. The budget retains a strong commitment to and advocacy of the arts and cultural sector.

Mr MARSHALL: Yes, thank you sir. My first question relates to Budget Paper 3, page 158 which has payments from the Appropriation Act for Arts SA \$132 million. How do we find that represented in the budget? Obviously there is Program 9 and Program 10 in DPC. What other programs are included in that \$132 million?

The Hon. J.W. WEATHERILL: It has found its representation in Program 8—Library and Information Services, with sub-program 8.1—State Library and Statewide Information Services and 8.2—Support to Public Libraries and Community Information Services; Program 9—Access to Art, Museum and Heritage Services and Preservation of State Collections; and then item 10—Arts Industry Development and Access to Artistic Product. They are three programs that that funding relates to.

Mr MARSHALL: Thank you. My next question relates to the budget measures paper which is Budget Paper 6, page 90 and deals with the line, 'South Australia's Major Cultural Institutions'. It is the initiative that the Premier was talking about just a moment ago. It states, 'The funding will enable the institutions to enhance the services they offer to the people of South Australia, and contribute to a vibrant city.' Can you outline specifically what additional services will be provided for by this additional \$18 million?

The Hon. J.W. WEATHERILL: What it will allow the financial institutions to do is to have their funding put on a more sustainable long-term footing. For some time, the relevant cultural institutions have been concerned that their basic level of funding has not been sustainable. That has made it difficult for them to plan and allow them to put in place arrangements that look forward to the future.

They will now have the capacity to open their doors more often and they will have the capacity to pursue new projects and new exhibitions that they would have had difficulty in pursuing in the past because they were concerned about the lack of stability in their budgets. This is all directed at ensuring that we attract more people into this fantastic precinct within North Terrace.

We know that a number of these institutions have ambitions to extend their offering to an area I and the assistant minister have very strong feelings about, that is, the offerings for children. That is beginning to happen, but this new funding will allow them to take further steps into that area. Whereas in the past they had to deal with that through one-off funding and were not able to commit themselves to those things, they are now able to look forward to and sustain a program of offerings for children.

Further, they also have ambitions to expand their offerings to regional areas and provide regional tours of their offerings. Those things now become possible through the more sustainable funding base that is provided to them. So it is about livening up the city, but it is also about reaching new audiences, both in the regions, and younger people that may not have experienced these cultural institutions.

Mr MARSHALL: In last year's estimates, there was some discussion regarding the review that was taking place within the government of the—

The CHAIR: Is that the page with the reference on?

Mr MARSHALL: Same reference.

The CHAIR: You sure of that?

Mr MARSHALL: I am positive. Will that report be released? I am just trying to get a handle on whether, in fact, that \$18 million is really just a survival buoy to the industry, or whether it is, in fact, for enhanced services. For example, is this going to allow the Art Gallery of South Australia to continue to run blockbuster exhibitions, or is this really just a lifebuoy?

The Hon. J.W. WEATHERILL: Absolutely; just taking your last point, it will allow the Art Gallery to run blockbuster festivals—exhibitions of the type that we have seen with Turner. We were happy to invest in the Art Gallery, given the extraordinary success of the Turner exhibition. We are incredibly excited about the leadership of Nick Mitzevich. We think he is one of the great artistic leaders in the nation. We are very pleased to have him and we were very happy to invest in his vision of creating a new festival or a new opportunity to attract another blockbuster exhibition to South Australia.

Of course, we have been informed by the review processes but also, through our own advice, we have reviewed carefully what we thought was an appropriate level of funding. Obviously, as in every institution, there is no organisation or government that would not like more funding and they can always explain what they would do sensibly with more funding, but we had to make our own judgements. We believe this additional funding will assist them not only to meet all their existing commitments but enhance their offering.

Mr MARSHALL: Again, on the same budget reference, this \$4.3 million for this coming financial year is going to be split between the Art Gallery, South Australian Museum, State Library, History Trust of South Australia and the Carrick Hill Trust. What amount is specifically going to the Art Gallery of South Australia?

The Hon. J.W. WEATHERILL: In 2013-14, it is \$2.1 million; for the State Library, \$700,000; for the South Australian Museum, about \$1 million; for Carrick Hill, \$41,000; and for History Trust, \$446,000.

Mr MARSHALL: For clarity, though, this \$2.1 million will not only redress some of the lack of budget sustainability that existed within the Art Gallery but it will enable another blockbuster exhibition next financial year?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: On page 76 of Budget Paper 4, Volume 4 with regard to Carrick Hill, one of the targets for next financial year is to undertake a business master planning process in examining the future directions and opportunities for Carrick Hill. Can you perhaps discuss whether or not a sale or partial sale of that property will be part of that review?

The Hon. J.W. WEATHERILL: No, that is not under contemplation. What the master plan seeks to do is to pursue a couple of goals. One is to maximise the visitor experience, increase visitation by promoting the natural and cultural heritage values of the site and generate increased

revenue from its assets and activities. In order to work towards these goals, we have put in place this process. It is intended to be a comprehensive document that will guide the development of Carrick Hill's infrastructure, assets and activities over the next 20 years. The trust identifies a series of proposed infrastructure projects to be analysed, to assess the costs and benefits of alignment to Carrick Hill's goals. A tender process was conducted to source a consultant to begin the work and master plan, and it has been entered into now with Walter Brooke & Associates. The master plan is due to be completed by the end of December 2013.

Mr MARSHALL: But specifically I was asking whether or not that review would include reviewing the options for sale of the property or partial sale of that property?

The Hon. J.W. WEATHERILL: I said no, we are not considering that.

Mr MARSHALL: On the same volume but page 79, one of the expenditures this year which has been specifically referenced is the increased funding to the Adelaide Festival Corporation for the festival and also Clipsal 500. Can you explain the relationship between the Clipsal 500 and the Adelaide Festival Corporation and why there would be \$200,000 advanced there?

The Hon. J.W. WEATHERILL: It does not have a direct relationship with Clipsal: it is essentially the issue of 'Mad March'. All of the events being around a similar period has led to an increase in the accommodation costs for artists, so there has been a supplementation of the Adelaide Festival to take that into account.

Mr MARSHALL: So, you increased the funding to the Adelaide Festival Corporation by \$200,000 because of the scarcity of available beds and, therefore, the increased price of those beds during March. Is that correct?

The Hon. J.W. WEATHERILL: Essentially, there is a range of additional costs associated with the hiring of equipment and the provision of accommodation. There is a relatively short period of time when finite equipment around Australia is available and, obviously, accommodation is finite. So, costs increase, cost pressure exists for the festival and that has had to be funded.

Mr MARSHALL: So, it is the premium we paid during that month?

The Hon. J.W. WEATHERILL: Yes; essentially, that is right. You will recall that there was an earlier review of the whole 'Mad March' proposition. While there are some increased costs associated with it, there are also very significant benefits from the synergies of all those things occurring at the one time.

Ms BETTISON: My question is to the Minister Assisting the Minister for the Arts, with reference to Budget Paper 4, Volume 4, Program 10, pages 78 to 81. Can the minister update us on the outcomes of the 2013 Adelaide Cabaret Festival?

The Hon. C.C. FOX: I thank the member for Ramsay for this question. I know that she is a great supporter of the Cabaret Festival. This year the Adelaide Festival Centre presented the 13th Adelaide Cabaret Festival. This event has become a major success in the annual arts calendar, drawing strong crowds to enjoy an intimate form of entertainment that encourages strong communication with an audience.

Artistic Director Kate Ceberano and her team once again presented a unique program with a wide range of artists and productions. It was a remarkable achievement that, prior to its opening weekend, this year's Cabaret Festival had already surpassed last year's total box office income. At its end, the festival's box office income was up 21 per cent on last year's festival and 40 shows had sold out. We are certainly waiting on some more details there. Members may be aware that the festival only ended a couple of days ago.

This festival has a reputation—I might say, a now global reputation—for highlighting the very best local, national and international cabaret artists. Approximately 350 Australian and international artists appeared in 160 performances over 18 days and nights. The festival program featured classical and contemporary performances, with burlesque, comedy, satire, storytelling, singing and dancing. I believe the Minister for the Arts very much enjoyed the performance of one Hans, the German. Is that correct?

The Hon. J.W. WEATHERILL: I did, indeed.

The Hon. C.C. FOX: Yes; loved it. This year, the red-carpet variety gala performance was presented on the first two nights of the festival and drew capacity audiences who experienced walking the red carpet and toasting the 40th anniversary of the Festival Centre. They were given a

small taste of what was to come across the following two weeks of that festival. I was there that evening and I can say that I have never seen queues so long to buy tickets at an event that was some six weeks in advance.

On opening night, Australian showbiz legend Reg Livermore became the very first recipient of the Adelaide Cabaret Icon Award, to mark his extensive career. Highlights of the festival included two-time Grammy Award-winning singer Cassandra Wilson, Broadway star Idina Menzel, chanteuse Martha Wainwright, pop culture icon Molly Ringwald, New York cabaret star Joey Arias and composer/performer David Pomeranz.

South Australian entertainers included the aforementioned media identity Matt Gilbertson; Hans, the German; star of *The Jersey Boys*, Michael Griffiths, who presented songs by Annie Lennox; and Michelle Nightingale, who channelled the work of Bruce Springsteen. The group You, Me and the Bloody Sea offered boisterous original music as well as traditional sea shanties and siren songs. The state government is very proud of its commitment to the Adelaide Cabaret Festival, and I congratulate the Adelaide Festival Centre and Kate Ceberano and her team on yet another extremely successful Adelaide cabaret season.

Mr ODENWALDER: I refer the minister to Budget Paper 4, Volume 4, Program 10. Could the minister expand on the success of the extended Fringe, and the Festival becoming an annual event?

The Hon. C.C. FOX: I thank the member for Little Para for his question. The year 2013 marked a very important milestone in the arts and cultural calendar, with the Adelaide Fringe being extended by a week and the Adelaide Festival staging its first annual event and joining both the Fringe and WOMADelaide as key events that enliven our city every March and add significantly to the state's economy.

We aim for our city to be a more vibrant place, and the events held in March certainly bring more people into the city. Both the Adelaide Festival and the Fringe made use of new venues in exciting spaces across the city. The decision to extend the Fringe by another week and to make the Festival annual were not decisions that were taken lightly; however, they were decisions that I believe have paid off not only economically but certainly culturally within this city.

The 2013 Adelaide Fringe Festival opened a week earlier than normal on 15 February. It was, by anybody's standards, a massive success, breaking all previous box office records by selling 400,007 tickets, which was a 10 per cent increase on the 2012 result and equated to a total box office income of \$11.6 million. That compares with \$9 million in 2012. These extraordinary ticket sales reaffirm the Fringe's status as the most popular and diverse arts festival in Australia. Indeed, on a global level, I should add that the Adelaide Fringe stands next to Edinburgh and Montreal as one of the global leaders in open access festivals.

The economic evaluation released on 14 June found that the Adelaide Fringe delivered an estimated economic expenditure within South Australia of \$64.46 million, a 34 per cent increase on the previous year. The total estimated bed nights created from interstate and overseas audiences and artists increased to over 52,000, an 18 per cent increase on the year before. Adelaide Fringe's principal partner, BankSA, importantly announced renewed sponsorship of the Fringe for a further four years and their support has been crucial.

The Fringe, as the Premier mentioned previously, featured over 1,000 performances, over 4,000 artists and nearly 1,000 events in 320 venues. The Artistic Director of the Adelaide Festival, David Sefton, and the entire festival team worked to give us a wideranging program truly worthy of one of the world's best arts events. Total final attendances exceeded 330,000.

From the opening night free concert in Elder Park with Paul Kelly and Neil Finn, to the hugely popular late night club, Barrio, this year's Adelaide Festival featured exclusive shows, world premieres, internationally acclaimed artists and inclusive events. There were 54 events, 29 of which were exclusive to Adelaide, and we can be proud of the fact that 520 of the 1,100 artists and writers were South Australian.

The Adelaide Festival easily surpassed its box office income target, with 76 sell-out performances contributing to a total income in excess of \$2.6 million across 44 ticketed events. The festival itself generated a total economic benefit of \$25.3 million for South Australia, with 28 per cent of all ticketed attendances by visitors from interstate and overseas, compared with 24.1 per cent in 2012. We have also seen that increase with events such as Turner. We have more and more people coming from interstate to enjoy the amenities offered by our cultural tourism.

These outstanding results prove that South Australian audiences are passionate supporters of their festivals and justify our continued support and investment in them.

Mr MARSHALL: My question relates to Budget Paper 4, Volume 4, page 79, and I will stay on that page for a little while. I will keep you informed if I make any variation.

The CHAIR: Budget Paper reference; yes, I am very keen on that.

Mr MARSHALL: Just for ease, we will stay there for a moment. The \$2.1 million that was expended for the annualisation of the Adelaide Festival: is that a once-off? What component of that was a once-off cost, or is that the envisaged cost for each and every one of the new years, essentially?

The Hon. J.W. WEATHERILL: I think the way it works is that even when there is an off year there is still some expenditure, but obviously there is more expenditure once you have an annual allocation. It is topped up, so that is the yearly amount that will occur.

Mr MARSHALL: So there will be an additional \$2.1 million every year from now on?

The Hon. J.W. WEATHERILL: Every second year, because obviously it is already funded for the biennial.

Mr MARSHALL: Just staying on that page, it also talks here about increased funding provided to the Adelaide Festival Centre to address higher rental charges—\$1.7 million in that financial year. Can the Premier explain what that \$1.7 million is used for?

The Hon. J.W. WEATHERILL: I think that is money in, money out, so the revaluation of the asset throws up a higher rental and then it becomes an internal charge that is raised. It nets out, not having any budget impact, but for accounting purposes, things are put in the books at their appropriate notional rental but because it is a government-owned piece of property, it is money in, money out.

Mr MARSHALL: I do not understand that at all.

The Hon. J.W. WEATHERILL: When you increase the value of an asset, there is a notional market rent that is associated with that. We are obliged to account in a way that means that we charge ourselves market rental. The additional market rental that is achieved by the government as the landlord is then offset by the additional funding we provide to the Adelaide Festival Centre to offset that increased market rental.

Mr MARSHALL: So there was a revised value for the asset during the last financial year; is that correct?

The Hon. J.W. WEATHERILL: Yes, there was a revised market rental for the Adelaide Festival Centre Trust asset.

Mr MARSHALL: What was that revision?

The Hon. J.W. WEATHERILL: I do not have that with me, but it has the effect of increasing the higher rental charges in the way that is set out there. I can get some detail for you about that.

Mr MARSHALL: Just on that, as well, there was a transfer of assets to the South Australian Film Corporation of \$1.6 million during the 2011-12 year. What assets were transferred?

The Hon. J.W. WEATHERILL: That was for items procured in the capital works program for the South Australian Film Corporation—furniture, not fixed technical film industry-specific equipment, ICT equipment, and kitchen and amenities equipment.

Mr MARSHALL: Purchased by DPC and then essentially transferred—sold, if you like—to the Film Corporation?

The Hon. J.W. WEATHERILL: Yes, effectively.

Mr MARSHALL: Also, on that same page, sir—

The CHAIR: Same page.

Mr MARSHALL: Yes; I don't want to get offside with you again—arts housing on the APY lands, \$700,000. Can you outline where that money went, whether that is part of the program and whether there is any other grant money going to arts housing on the APY lands?

The Hon. J.W. WEATHERILL: The arts centres on the APY lands are one of the success stories on the APY lands. They are independent entities owned and governed by Anangu boards. The centres employ non-Aboriginal staff and are responsible for providing staff housing for them.

The arts centre programs obviously have a whole range of benefits. However, the artists and staff often live and work in isolated locations with inadequate facilities so, in 2011, we provided a grant of \$450,000 to Anangu Arts and Culture Aboriginal Corporation for the construction and upgrading of the arts centre staff housing in a number of communities. This grant was supplemented by a further grant of \$655,000 from the Australian government Office for the Arts.

The improved staff housing will enable the centres to increase the number of arts centre managers employed and give them appropriate accommodation. In addition, \$2.84 million was secured directly by Anangu Arts from the Department of Regional Australia for the redevelopment of arts centre infrastructure, including a new arts centre at Mimili and upgraded facilities across the lands. These projects are being managed by Anangu Arts on behalf of the arts centres with support from a steering group of government representatives, including Arts SA.

Mr MARSHALL: Premier, you said then that there was a grant of \$450,000 from your department to Anangu Arts, but the entry is \$700,000, so where is the other \$250,000 in that?

The Hon. J.W. WEATHERILL: The number you are referring to on page 79 is the one-off government grant associated with arts housing we received from the commonwealth. The reference there of \$0.7 million is the rounded up \$655,000 I referred to from the Australian government Office for the Arts.

Mr MARSHALL: In addition to that, your department made a grant of \$450,000?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Is there any more money envisaged in terms of arts housing on the APY lands?

The Hon. J.W. WEATHERILL: No.

Mr MARSHALL: Or any other money related to any other arts projects, not just on the APY lands but in any of the Aboriginal communities?

The Hon. J.W. WEATHERILL: There is a program dedicated to funding Aboriginal artists in South Australia, which will continue to operate and allocate resources to.

Mr MARSHALL: What is the value of that grant?

The Hon. J.W. WEATHERILL: There is that small program and, in addition, Aboriginal arts organisations are eligible to apply to the mainstream arts arrangements. But the Aboriginal and Torres Islander Arts development program I referred to has a budget for 2013-14 of \$198,000.

Mr MARSHALL: I am now skipping all the way over to page 80. I want to talk about 'Highlights of 2012-13', where it states:

Implemented an enhanced arts and disability program which supported six organisations with core funding for 2013, implemented a range of access initiatives including an extensive program during the Adelaide Festival...

Can you please outline the name of the six organisations and what were the access initiatives that were implemented during the Adelaide Festival?

The Hon. J.W. WEATHERILL: Perhaps I will invite Alexandra Reid to answer that question.

Ms REID: We will get you a list of all of the grant recipients out of that particular program. In addition to the six organisations, there is a range of individual artists with a disability as well. The Adelaide Festival Access Program is a program that has been very successful for the festival; indeed, they won an ABAF award, when ABAF was still ABAF, last year I think, for that program. They fund that from within their base grant, but they have made a commitment to access and equity and to undertake a range of things, including signed performances and particular information provided to assist access into their programs.

Mr MARSHALL: What was the total value, then, of those three aspects under that highlight, because you have the funding for the six organisations, a range of access initiatives, and the \$100,000 for individual grants to artists with a disability? What was the budget?

The Hon. J.W. WEATHERILL: We will bring back an answer for you about that.

Mr MARSHALL: The reason why I am interested is because obviously it is a highlight for the current financial year, but it does not seem to be inserted in the targets for next year. So, I am just wondering whether it was just a one-off, or whether there is funding for those three elements of the disability program in the highlights for this year going forward.

The Hon. J.W. WEATHERILL: I do not think you should read anything into the description in here; it will be part of the core funding. It is not intended that we will move away from supporting those initiatives.

Mr MARSHALL: So, just for clarity: there will be \$100,000 in next year's budget for individual grants to artists with disabilities?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: And there will be support for core funding in 2013-14 for those same six organisations?

The Hon. J.W. WEATHERILL: Well, it is a peer-assessed grant program, so I do not think we can necessarily guarantee it will be those six, but there is probably no reason to believe that those organisations will not continue to be supported, given that there are some quite established disability arts organisations in this space and we would imagine that they would continue to be supported if the process recommended that they be supported. Certainly, the funding is there to support them.

Mr MARSHALL: And the access initiatives that you have highlighted there would be continued in next year's budget?

The Hon. J.W. WEATHERILL: Once again, it would be a matter for the Adelaide Festival Board for them to continue those initiatives, but we would expect that they would continue.

Mr MARSHALL: I again refer to page 80—Targets 2013-14. I understand that there is going to be a 'fit-out of additional administration space created by construction of the Riverbank Pedestrian Bridge'. Are there other offices underneath that bridge, and how does that work?

The Hon. J.W. WEATHERILL: Where the bridge actually meets the Festival Centre, it will involve the removal of part of the edge of the Festival Centre. That means that that has to be rebuilt, and the opportunity will be taken to refit the administrative area in that particular part of the Festival Centre. It is essentially on the edge of the existing Festival Centre where the pedestrian bridge will meet that side of the riverbank.

Mr MARSHALL: Who will be moving into that area?

The Hon. J.W. WEATHERILL: It is the same people who are there already, but there will be an opportunity to reconstruct that part of the administrative area that has been supported with this funding.

Mr MARSHALL: But will they be freeing up other office space in the existing complex?

The Hon. J.W. WEATHERILL: Basically, there are people distributed around the Festival Centre complex in different parts of the complex—some near the car park area and other parts of the Festival Centre. They will be consolidated in this one administrative area as a consequence of this fit-out. So, it has got some other advantages in terms of consolidating staff.

Mr MARSHALL: Is there any consideration given to move the State Theatre Company admin component that is being moved out of the Festival Centre back into the Festival Centre with this enhanced space that is available?

The Hon. J.W. WEATHERILL: No, not as part of this process; this is about bringing together the administrative staff associated with the Festival Centre and the environs.

Mr MARSHALL: Can we go back to page 79: under the estimated result for this year, there is a reference to \$200,000 being used for planning for the Adelaide Festival Centre upgrade. Can you perhaps outline what that money was spent on and what the outcomes of that planning were?

The Hon. J.W. WEATHERILL: It is part of a sum that was allocated for the progressing of a concept plan and business case for the major redevelopment of the Adelaide Festival Centre. Obviously, that is the sum that remains of the original available to progress the work in 2013-14. The Adelaide Festival Centre Trust obviously remains committed to a future major redevelopment of the Adelaide Festival Centre, and this is a very substantial public investment. We are looking

carefully at what the project would be and its costs, and obviously it is something we would like to do when the budget has the capacity to consume it.

Mr MARSHALL: For clarity, the work has been done and it has been presumably presented to government. Has the government rejected it?

The Hon. J.W. WEATHERILL: The work for government has not been concluded, so we have not accepted or rejected any proposition about the redevelopment of the Adelaide Festival Centre.

Mr MARSHALL: So this current financial year we spent \$200,000 on that planning process. Is it envisaged that there is more money to go into that planning process? Is the planning process completed?

The Hon. J.W. WEATHERILL: No, the total funds have been partly spent in 2011-12 and 2012-13, and it is contemplated that the remainder will be spent in 2013-14.

Mr MARSHALL: So this coming financial year. How much has been allocated for the planning process then?

The Hon. J.W. WEATHERILL: \$172,000 has been carried over into 2013-14.

Mr MARSHALL: From the original budget?

The Hon. J.W. WEATHERILL: From the original budget of \$750,000.

Mr MARSHALL: So it was envisaged that it was going to be completed this current financial year and now there is a carryover into next financial year of \$172,000.

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: What was the reason for the delay in completing the plan?

The Hon. J.W. WEATHERILL: Obviously, a fair slab of the work has been done, but partly the future arrangements will have to abide some other things that are occurring in the precinct, for instance, the plaza area and the relationship with the car park, which is presently under consideration. All of those matters have to be brought together before a conclusion can be reached about the future redevelopment of the Festival Centre.

Mr MARSHALL: When would you envisage for that plan to be completed and presented to government and decided upon?

The Hon. J.W. WEATHERILL: I am not certain about when it will be decided upon, but the work is budgeted to be concluded this financial year.

Mr MARSHALL: In the same volume but on page 78 under income, how much income does the car park bring to the Adelaide Festival Centre? How does that arrangement work?

The Hon. J.W. WEATHERILL: I will have to take that on notice, but we will bring back an answer.

Mr MARSHALL: But would that money—not the specific amount—come into that program 10 under, for example, 'Sale of goods and services' or 'Other income'? Is that where it would be received?

The Hon. J.W. WEATHERILL: Yes, it would. We are advised that it would come in as income to the Trust under the subheading 'Sales of goods and services'.

Mr MARSHALL: Can you update the committee on the progress of plans for the car park? Obviously, there are some significant holding works going on over there at the moment, but is there a specific timeframe for a plan to come up with a more permanent solution to the issues regarding the car park?

The Hon. J.W. WEATHERILL: Yes. As you will recall, we went out with a request for proposals and we entered into a period of exclusivity with Mr Lang Walker. He is producing a proposition that we will ask to be reflected upon in the light of the master plan that has been put out for public consultation. When we have a proposition that we believe is consistent with that we will be making a decision and a public announcement, but we do not yet have a proposition that we can make any decisions or public pronouncements about. We hope to deal with that soon, but we do not have a time line I can tell you that exists at the moment.

Mr MARSHALL: Will that plan address the issues of the car park?

The Hon. J.W. WEATHERILL: That is principally what the request for proposal was about; it was rebuilding the car park. The proposal that we have received in response deals with other issues. We need to assess the proposal in terms of its original purpose—that is, the rebuild of a car park—but also make sure that it responds to our ambitions for the Riverbank Precinct, as laid out in the master plan. That is the process that we are currently undertaking.

Mr MARSHALL: You said that you do not have a proposal but then you just said that you are assessing the proposal. Have you received the proposal from Mr Walker?

The Hon. J.W. WEATHERILL: We do not have a final proposition that we as a government can entertain.

Mr MARSHALL: He had an exclusivity arrangement to a certain date.

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: I thought that date was several months ago, actually.

The Hon. J.W. WEATHERILL: I think it was late April. There is a process that we need to honour in respect of the period of exclusivity. We need to see whether what emerges out of that process is something that the government is prepared to support and make a decision about, and that has not been concluded as yet.

Mr MARSHALL: Currently, the car park produces income—you are not sure what at the moment, but you will get back to us with how much it is per year. Will that money going to the Adelaide Festival Centre or to the trust—I am not sure which entity you said—be protected going forward?

The Hon. J.W. WEATHERILL: The first thing we will do is come back to you about the sale of goods and services and the presentation of that. The advice I have received is that they expect that that sum is contained within there, but we will check how the Festival Centre presents its accounts. It may be that they do not necessarily present them in a way that means that that income is shown. I think there is a view that it may be in there, but officers want to check that. The greater meaning of your question is: will the income of the trust be protected? Any decision that we take around the car park would have to take into account any effect that that would have on the income of the trust.

Mr MARSHALL: On page 80 it talks about a three-year program for high-priority building works at Her Majesty's Theatre and the Adelaide Festival Centre. Can you outline to the committee what work will be taking place at Her Majesty's Theatre, what the time frame is and whether you envisage that there will be any change in tenancies at Her Majesty's Theatre?

The Hon. J.W. WEATHERILL: The 2012-13 state budget included a commitment to funds to undertake building sustainment works at the Adelaide Festival Centre and also Her Majesty's Theatre. The three-year capital works program commenced in 2012-13 and will be concluded in 2014-15. The work is estimated at \$7.652 million, and a further \$90,000 of operating funding has been allocated to offset loss of revenue caused by the work's interruptions.

The project will carry out critical works in Her Majesty's Theatre to ensure the ongoing operation of the venue. The proposed works at Her Majesty's Theatre include: air conditioning improvements; electrical infrastructure upgrade; emergency power improvements; repairs to emergency systems infrastructure, including new fire sprinkler systems; a repaired rear building egress route; repairs to the toilets in public spaces; and new carpets and improved theatre seating. The project has been reviewed by the Public Works Committee and a report from the committee has been tabled in the parliament. So, that work is well under way.

Mr ODENWALDER: I refer the minister to Budget Paper 4, Volume 4, pages 78 to 81. Can the minister update us on how the government is supporting contemporary music in this state?

The Hon. C.C. FOX: I thank the member for Little Para for his question. In line with its strategic priorities, this government is committed to the development of the contemporary music sector and acknowledges the integral part it plays in creating a vibrant city. Live Music Residency, with Thinker Martin Elbourne (managed by the Don Dunstan Foundation) is one way that we are working together to support this goal. The residency was designed to bring together industry and government to develop a sector-wide, whole of government approach, to contemporary music.

During his residency, Mr Elbourne has been working and consulting with venue owners, training organisations, musicians, regulators, councils, government and related organisations (metro and regional) to create strategies to strengthen the South Australian live music scene.

Engagement has varied from a survey, online and industry roundtable discussions, one on one meetings with government and industry, as well as inner and outer metro site visits, including regional trips to the Barossa, McLaren Vale, Mount Gambier, Port Lincoln and Port Augusta.

The Premier was recently involved in a panel discussion with Mr Elbourne, representatives of Sounds Australia, APRA and local musician and music entrepreneur Craig Locke. He was encouraged by the energy and passion in the local music industry and the diverse range of topics covered. The government provides ongoing support to the industry through Arts SA's contemporary music program. The program continues to support a diverse range of South Australian emerging and professional musicians for grant programs, as well as supporting innovative industry organisations and events.

We are committed to fostering the opportunities and environment that will attract and retain our creative entrepreneurs and we are looking forward to a set of recommendations from the Martin Elbourne residency that will assist us in supporting the music industry grow, as a whole. I would note that there has been support across the political spectrum for the valuable work that he has done.

Mrs REDMOND: On Volume 4, page 76, at the fifth dot point from the top of the page, that is under the \$12.3 million increase in expenses, the very last dot point there states:

a redirection of funding from 2013-14 to 2012-13 to address expenditure associated with the *Turner from the Tate* exhibition (\$0.5 million).

Since *Turner from the Tate* was never going to go into the 2013-14 year, I assume that that half a million was pulled forward from the general Arts budget. Firstly, is my reading of that correct? Secondly, how is that an expense? Thirdly, is that in addition to the \$1.6 million mentioned for the funding for the *Turner from the Tate* exhibition on the previous page at the second to last dot point?

The Hon. J.W. WEATHERILL: I may have to ask Alex Reid to explain this but, essentially, it is the profiling of the cash flow for the Turner exhibition at the request of the Art Gallery, but I will ask Alex Reid to explain.

Mrs REDMOND: Before she does, can I perhaps make it simpler. I understood from the Premier's introductory remarks that 90,000-odd people went to the *Turner from the Tate* and what I am trying to find out is what was the cost to government and what was the income so that we can find out what the net result was?

Ms REID: As to the total cost to government, the grant provided to the gallery was \$2 million. The cash flowed over a number of years, and, as the Premier said, that cash flow is provided to us by the gallery. At times that cash flow is adjusted, or the gallery requests an adjustment in that cash flow, as the process of the exhibition develops and refines. The *Turner from the Tate* was delivered in South Australia in partnership with Art Exhibitions Australia which is now in partnership with the National Gallery and touring it now on to Canberra.

The contractual arrangements with Art Exhibitions Australia see the exhibition wrapped up by August, so we do not have final figures. We have a number of figures that you have suggested in terms of attendances and public figures, but in terms of the final wash up of the budget and their outcome the gallery will not know that, and in turn we will not know that, until that contractual relationship with Art Exhibitions Australia has concluded.

Mrs REDMOND: Do we have any idea, though, at this stage what income we got from the *Turner from the Tate* compared to what we paid to put it on?

The Hon. J.W. WEATHERILL: We have a bit of an idea. We can give you what we know but the caveat is we will not know until wash up in August. The figures are looking a bit like this: the total cost is about \$5 million and the total income is approximately \$5.5 million, so that is the basic information that we have at the moment but it is subject to some revisions.

Mrs REDMOND: In that same area of page 76, at the top of the dot points there—and it is mentioned several times in different places—it mentions new working capital to support the ongoing sustainability of the Art Gallery of South Australia. Now, that appears to be in addition to the funding for the security system upgrade for the North Terrace Cultural Precinct and the additional funding to support the operations of the North Terrace Cultural Precinct that are both mentioned later on. Can the Premier advise just how much money is being put in to the Art Gallery as new money either to maintain or upgrade the Art Gallery in the current year?

The Hon. J.W. WEATHERILL: The actual new money is the \$2.142 million in 2013-14 and it is a similar number across the forward estimates augmented by indexation, giving a total of \$8.894 million over the four years of the forward estimates for the Art Gallery.

Mrs REDMOND: So it is about \$9 million. What is that going to purchase?

The Hon. J.W. WEATHERILL: The things that I mentioned before: the capacity to engage in the blockbuster exhibitions like Turner, the capacity to continue to open up the gallery at different times of the day. There has been some experimentation with Friday evenings and those sorts of things which have proven to be a success but it has only been able to be funded on an ad hoc basis. Now there is the secure funding that will allow that to be done on a more systematic and regular basis. The push into regions, the push into children's arts has once again been ad hoc, and now it will be capable of being performed on a regular ongoing basis.

The CHAIR: Any final questions?

Mrs REDMOND: I have a thousand final questions! Just one? Can we go over to page 77? The performance indicators for Artlab (the last dot point) show that the estimated result for 2012-13 is lower than expected due to a significant drop in the commercial conservation market across all sectors. If that is the case—and there was only \$0.6 million income from that this year—on what basis is there an expectation that there will be a 50 per cent increase on this year's income in the next 12 months?

The Hon. J.W. WEATHERILL: We rely upon the estimates that are provided by the experts in this sector, the people in this market, and it is their best estimate of the fact that this is likely to return to the sort of trends that we have seen in the past, so it is quite close to the actual result in 2011-12. Obviously, these matters are affected by global economic uncertainty and the best estimate of people who work in this sector is that that will return to more normal levels.

Mrs REDMOND: They are obviously not people who keep books and count figures. In a downturned economic market where they themselves have said there is a significant drop in the commercial conservation market across all sectors, to expect a 50 per cent increase seems nonsense.

The Hon. J.W. WEATHERILL: I am not prepared to substitute my expert judgement for the—

Mrs REDMOND: Their expert judgement.

The Hon. J.W. WEATHERILL: Well, exactly. I mean, I don't have any expertise in this area. This is something that is a matter for the people who regularly deal in this area and they make judgements about what is an international market, not merely a local or even interstate market, about the likely recovery of levels of activity.

The CHAIR: There being no further questions, I declare the examination of the proposed payments to Arts SA completed, and in accordance with the agreement that has been reached the house is suspended until 4 o'clock.

[Sitting suspended from 15:46 to 16:01]

DEPARTMENT OF TREASURY AND FINANCE, \$61,572,000

**ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE,
\$1,702,329,000**

Membership:

Hon. I.F. Evans substituted for Mr Marshall.

Mr Williams substituted for Mrs Redmond.

Ms Sanderson substituted for Mr Gardner.

Witness:

Hon. J.W. Weatherill, Premier, Treasurer, Minister for State Development, Minister for Public Sector, Minister for the Arts.

Departmental Advisers:

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

Mr D. Reynolds, Executive Director, Budget Branch, Department of Treasury and Finance.

Mr A. Blaskett, Executive Director, Government Accounting, Reporting and Procurement, Department of Treasury and Finance.

Mr G. Goddard, Deputy Under Treasurer, Department of Treasury and Finance.

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

The CHAIR: I declare the proposed payments open for examination, and I invite the Premier to make an opening statement.

The Hon. J.W. WEATHERILL: I might just open by saying that the 2013-14 budget was framed in an environment of continuing softer than trend economic activity, both nationally and in South Australia. Since the 2012-13 budget, revenues are estimated to be lower than previously forecast, particularly GST, conveyance duty and payroll tax; but, despite this, compared to the Mid-Year Budget Review, the budget provides for an improved net debt position by the end of the forward estimates.

This is a significant contribution to the improvement of the budget, necessary after a period of the budget's capacity being used to support the local economy through the impacts of the global financial crisis. This improvement has been achieved by limiting expenditures and by using additional commonwealth revenues and existing budgetary provisions to meet the majority of new expenditures. Expenditure growth is restrained over the forward estimates while revenues grow back towards long-term trend levels.

The budget provides funds to assist those sectors within the South Australian economy that are struggling. The Housing Construction Grant of up to \$8,500 has been extended by a further six months and a payroll tax concession has been provided to small businesses with payroll tax liabilities. This concession will provide cash grants of up to \$9,800 for small businesses, giving real assistance to small business and assisting them with their cash flows.

The budget also continues the government's support of economic activity within the economy through the forward capital program, estimated at \$10.1 billion over the forward estimates. This spending will support approximately 8,700 jobs in 2013-14 alone.

Pleasingly, the budget provides significant funding for the state's contribution to the National Disability Insurance Scheme, or DisabilityCare, as it will be known. There will also be further funding for child protection and for Closing the Gap initiatives, in partnership with the commonwealth.

Overall, it is a responsible budget making careful investments to support economic activity now. The alternative would be to withdraw government support and spending from the economy now, threatening jobs and future prosperity.

The CHAIR: Does the member for Davenport wish to make an opening statement?

The Hon. I.F. EVANS: No I don't, thanks.

The CHAIR: Straight into questions?

The Hon. I.F. EVANS: Premier, Budget Paper 3, page 7 deals with the budget performance generally. This government's budget performance has been the worst performance since treasurer and premier Bannon. Why should anyone believe that the budget performance will get any better after the election?

The Hon. J.W. WEATHERILL: There is not a factual basis for making that assertion. Debt levels as a proportion of gross state product are lower than the periods during the 1980s and 1990s and are six times lower than the period during the stewardship of Sir Thomas Playford, which was regarded by those opposite, misty in the eye, as a golden era of economic performance. The truth is that budget debt levels are moderate by historical standards, by interstate comparisons and certainly by international standards, so it is sensible for this government to maintain the settings it has.

You only need to look back to the period between 2002 and 2008. In each of those years surpluses were run by this government. Indeed, debt in the general government sector was eliminated during that period and assets were accumulated, and that is precisely the sort of budgeting that you would expect to happen. The government was treading in good times and building up assets and in more uncertain times the government is sustaining its role in the economy.

The Hon. I.F. EVANS: Referring to Budget Paper 3, page 7, Fiscal Targets and Fiscal Strategy, the government has failed to meet its fiscal targets. In 2009-10 the budget papers talked about the fiscal targets of having a surplus in every year, having a net lending deficit declining towards other AAA rated economies, now states, and maintaining a AAA credit rating. They are all gone, of course. Not one of those has been met; in fact those targets have been replaced and now the fiscal targets for 2013-14 are either not measurable or have been broken.

The fiscal targets now are a net operating surplus by the end of the forward estimates. That is simply not measurable, because you never actually get to the end of the forward estimates. Once the surplus is achieved—which will not happen, certainly this year or next year—there is an operating expenditure growth to be limited to trend growth in household income, so that simply cannot be measured as we speak. Then the only other fiscal target you have is that your debt cap, the general government net debt, remains affordable over the forward estimates, a maximum ratio of net to revenue of 50 per cent. It just comes back to this point: why would anyone believe your fiscal strategy or fiscal targets will be met or indeed improve after the election?

The Hon. J.W. WEATHERILL: The first observation to make is that the global financial crisis is a pretty important detail that the shadow treasurer failed to mention, the largest slowdown in economic activity in world economic terms since the Great Depression. The consequential effects for Australia and therefore South Australia have been profound, so of course they lead to a reconsideration, a recalibration of our fiscal strategy and outlook. We made a decision, though. We made a choice. It was not visited upon us. We chose to put at risk the AAA credit rating because we chose to prefer investments in jobs rather than sustaining that particular metric for its own ends.

We made that decision advisedly and we set out a new set of metrics because we wanted to communicate very clearly that, in making that choice to essentially put at risk the AAA credit rating, we also had metrics that we were seeking to target. Those new metrics were net operating surplus by the end of the forward estimates, and we can do no more than budget and target the net operating surpluses by the end of the forward estimates. Indeed we achieve that before the end of the forward estimates and indeed we do that in an improved fashion over the Mid-Year Budget Review.

In relation to the second target—that, once surplus is achieved, operating expenditure growth will be limited to trend growth in household income—we can say something about that before we achieve surpluses, because the truth is that expenditure growth is actually less than trend growth. It is one of the reasons we are able to achieve the surpluses by the end of the forward estimates, so that is not only well on target, it is actually exceeding the target that is certainly the objective here and that is not waiting to achieve surplus before limiting it to expenditure growth, to trend growth in household income. We can point to existing achievements in that regard.

In relation to the third target, we do, compared with the Mid-Year Budget Review, improve the position in relation to maintaining net debt affordable over the forward estimates by reducing the ratio of net debt to revenue by a further amount than existed at the Mid-Year Budget Review. I think that one cannot ignore the changed global financial circumstances. We made decisions and they of course changed what was expected.

What cannot be visited against the state government is the fact that we plan over four years. By definition, when planning over four years, circumstances can change and of course that means that, when one looks back at what was forecast for a particular period in that four-year period, global economic forces can radically alter what was expected to occur in that time.

However, it is to the credit of state governments in this nation—which is by no means uniform across the world—that they do budget over extended periods of time, so one can actually make a long-term assessment about the health of the state's finances. We do that in this state, as we do in this nation generally. It is best-practice accounting and it reflects our best estimates of the future economic growth and forecasts about budgets and expenditure that we can make, and we are committed to pursuing these targets.

The Hon. I.F. EVANS: On the same page, the government is budgeting for six deficits in seven years. Each of the deficits was originally predicted as a surplus. The one surplus that has been delivered was as a result of a massive increase in commonwealth revenues in the 2009-10 election year. Why should anyone believe that the financial performance of the government would suddenly improve after the election with all your future promises?

The Hon. J.W. WEATHERILL: Because when one looks at the nature of the cause of the deficit, it is fundamentally a revenue effect. If you look at the proportion of the economy that is devoted to the raising of revenue, it has fallen dramatically over the period since 2002; and during the period from 2002 through to 2008, we in fact did deliver net operating surpluses in each of those years—2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08, which I think was the last of those surpluses.

That is simply because, during times of relatively buoyant economic activity and, therefore, revenue growth, we prudently lived within the resources that were available to us and delivered those surpluses, making a contribution to net assets in the general government sector, but it would be wrong, when there are times of economic uncertainty, for the government to suddenly withdraw its role in terms of the provision of services or as a contributor to the economy. We have chosen not to do that, but we plotted a path to return to surplus over the forward estimates, which is the responsible course.

We have seen the failure of policies of austerity all around the world. There is a powerful relationship to the worsening problems we have seen in Europe and those governments that have chosen austerity measures to deal with debts and deficits which dwarf by many orders of magnitude the debts and deficits faced here in South Australia.

The Hon. I.F. EVANS: Premier, Budget Paper 3, page 12 sets out the net operating balances, and in 2016-17 there is a surplus of \$661 million predicted. The budget also has a historical record that goes back 19 years, and \$661 million is the highest surplus within that 19-year historical record.

If the state has not been able to achieve that level of surplus in 19 years, including the years where you praised former treasurer Foley, why should anyone believe that a surplus of \$661 million will suddenly be achieved in 2016-17, bearing in mind that this year you are predicting the highest budget deficit in the state's history? You are expecting South Australians to believe that the budget performance is going to go from the highest budget deficit in history to the highest budget surplus in the historical record of the budget documents all within three or four years. Why should we believe that particular prediction?

The Hon. J.W. WEATHERILL: If anybody was advancing such a proposition, you would, of course, correct them, and you would say, 'Well, it's not sensible to make a comparison between the nominal dollars back over the last 16 years and the nominal dollars in 2016-17.' For instance, the surplus that was, in fact, achieved in 2002-03 under the treasurer, Kevin Foley, was \$448 million, and that, in real terms, on my quick estimates, would be exceeded through the application of inflation; it would be a higher sum than the one we project in 2016-17.

It is simply a nonsense to compare, in nominal terms, the surpluses or debts or deficits that are thrown around. It is simply not the case that we have the highest debt levels in historical record because, in nominal terms or as a proportion of gross state product, which is the sensible comparison, they would be much lower than some of their historical counterparts.

The Hon. I.F. EVANS: Premier, it is true that, if you look at just simply the window between the 2013-14 net operating balance, estimated result (\$1,314 million deficit), and then in 2016-17, a matter of three or four years down the track, a surplus of \$661 million, that is a \$2 billion turnaround in the annual budget performance? Given the performance of this government on trying to meet its surplus predictions, why can we trust that prediction that we are suddenly going to be back at a \$661 million surplus?

The Hon. J.W. WEATHERILL: Because we set out a budget that charts that pathway back to surplus, and all of the assumptions are set out in the budget. If you cannot pull apart any of the assumptions that lead us to that, you must accept, by parity of reasoning, that we are going to achieve what we project—that is, if you accept the judgements we make about revenue returning to even some degree of normality, given that revenue is at extraordinarily historically low levels, if you accept that our expenditure growth is going to be constrained in the way in which we projected over the budget forward estimates. It is all there to be critiqued; it is all there to be analysed.

We have quite significant conservative commentators, such as the chief economist at St George Bank, suggesting that our projections on economic activity and revenue growth are conservative and reasonable. If you cannot pull apart the underlying assumptions from this budget, it is not simply sufficient to stand back and say, 'We don't believe you.' You have to be able to demonstrate where the deficiencies are in what we have projected and what we have forecast will achieve. What we have done is shown a relatively modest pathway back to surplus, and I must say it is a little bit hard to listen to criticism of our pathway back to surplus and say it is unrealistic when your own leader is calling for a quicker pathway back to surplus.

The Hon. I.F. EVANS: Premier, following up, could you name another four-year period in South Australia's history where such a turnaround has been achieved in real terms in a four-year period?

The Hon. J.W. WEATHERILL: I think we only need to look back at the last Liberal government to see that the last four years of the previous Liberal government delivered four deficits in a row: \$215 million, \$330 million, \$297 million, \$174 million. Then, for the next six years in a row, we saw the delivery of surpluses, beginning with a \$448 million surplus in 2002-03. So, we went from a \$174 million deficit to a \$448 million surplus in the space of one year, and then we delivered six continuous years of surpluses. So, you do not need to go back very far to see pretty dramatic turnarounds in the state's fortunes.

The Hon. I.F. EVANS: Premier, I will make two points in response to that—

The Hon. J.W. WEATHERILL: Well, questions.

The Hon. I.F. EVANS: We all know that that surplus—

The CHAIR: Actually, you are meant to be asking questions.

The Hon. I.F. EVANS: Well, I will ask a question then: can you confirm for me the surplus to which you referred to in the first year of the Labor government was on the back of a \$4 million to \$5 million draw-down from SAFA? Secondly, do you concede that what you have just told us is that the deficit of \$150 million to \$170 million is substantially less than the \$1,300 million that we now face?

The Hon. J.W. WEATHERILL: I do not accept your proposition that there has not been historical precedent for significant improvements in the state finances. I think one just needs to look at the present circumstances that we are facing and look at what has caused the present deterioration. If you look closely at what has caused the deterioration, it is fundamentally a revenue-driven deterioration, and also a decision by this state government to not dramatically slash into services that support people and sustain jobs.

We have made that decision in this point in the state's history because it is the right decision for the future of our economy and also what is needed right now. We projected a pathway back to surplus; it is not a sudden return to surplus. There are two years in the forward estimates where there are still deficits. It is only in year 3 and 4 of the forward estimates that we return to surplus, and we plotted the pathway back to the return to surplus.

We have made the assumptions in the budget. If you have any difficulties with any of the assumptions, you should make your points about those, but it is all here to be seen. Standing back and just saying, 'How have you achieved it?' with some sort of confusion about what has been achieved is an insufficient response.

We think we have put a budget together which carefully charts a pathway back to surplus, largely off the back of constraints in expenditure as much as anything else—very modest growth in revenue that is projected; in fact, written down since the Mid-Year Budget Review. So, the real work is done through the lack of expenditure over the next four years.

Ms BETTISON: With reference to Budget Paper 3, page 147, the general government key operating statement aggregates, how has the government delivered budget outcomes since coming to office?

The Hon. J.W. WEATHERILL: I thank the honourable member for her question. Prior to our election, as I have just noted, there were four budgets that were in deficit. The operating deficits totalled \$1 billion. The net lending deficits over the same period totalled \$1.3 billion. That is under the previous Liberal government. Obviously, one of the first orders of business for the incoming government was dealing with the budget issues. They contained \$900 million of budget improvement measures in 2002-03, leaving us with a final budget operating outcome surplus of \$448 million. This was the first of six consecutive operating surpluses, totalling \$1.7 billion.

Indeed, over the 10 final budget outcomes delivered by this government, seven have been operating surpluses. In 2002, general government net debt was \$1.3 billion. This debt was paid off by June 2006 and net assets were accrued until the onset of the global financial crisis in 2008. Members should also note that over this period, the government also delivered substantial tax cuts, so we did not take it all to government assets.

We also sought to provide payroll tax cuts, which have now saved businesses in the order of \$200 million per annum; land tax, which is saving land owners over \$200 million per annum; and over the same period, we also invested in infrastructure, with works including the ANZAC underpass, the Bakewell bridge, Port River bridges, the Northern Expressway, superschools and redevelopments of every major metropolitan public hospital.

The government also significantly increased funding for health, education and police, and since the global financial crisis, the government has maintained its capital program, in fact increasing it in partnership with the commonwealth and its stimulus, especially through the Building of the Education Revolution funding. The spending has supported jobs for South Australians, both directly (the tradespeople that work on the projects) but also indirectly through the broader supply chain and flow-on impacts.

The government has also maintained its commitment to providing services in our hospitals, our schools, our police and our social services. This has meant that as revenues have declined against previous forecasts, the net operating position has moved into deficit. The net lending position has moved into deficit due to this, and also as the government has embarked and continued to embark on rebuilding the state's capital assets.

But these deficits are temporary. After a forecast operating deficit of \$1.3 billion, as has been noted, we do move, in the third and fourth year of the forward estimates, into surplus. These surpluses indicate that we are committed to a sound budget position and a decrease in net debt levels over the medium term.

Mr ODENWALDER: I refer the Premier to Budget Paper 3, page 35, table 2.16. Can the Premier explain the difference in interest costs that are included in this table and those higher numbers that are often included in the media?

The Hon. J.W. WEATHERILL: There are unfortunately some interest figures used erroneously by some members. The Leader of the Opposition constantly quotes gross interest costs for the non-financial public sector at the end of the forward estimates, obviously seeking to ensure that the highest possible number can be put in the public sphere, then claims the government is paying a level of interest costs now based on these figures. This is disingenuous.

It is more accurate to look at the general government sector. Entities in the non-financial sector are required to drive a commercial return on their debt. This debt is generating a commercial return for the state. In the general government sector, we should be looking at net interest costs, not gross interest costs. Net interest costs recognise the interest we earn on cash in the general government sector, not just the gross expense. The net expense is forecast to be \$277 million in 2013 and \$537 million in 2016-17. This equates to \$759,000 per day in 2013 and \$1.47 million per day in 2016-17.

The household comparison—debt is forecast to be 54 per cent of general government revenues at its peak in 2015-16. It is equivalent to a household with a total income of \$100,000 having total debt—mortgage, car, loan and credit card repayments—of \$554,000. Repayments on debt for a household would be approximately \$400 a month in these circumstances. These are manageable and they compare favourably, as I say, with our interstate comparators.

The Hon. I.F. EVANS: Following on from your answer to the member for Little Para, if the debt is manageable, as you claim, why then has the government suddenly decided to offload about 5,000 public servants? What has changed to prompt the decision that, instead of growing the Public Service, which you have done for a decade, the government is now saying that it is going to reduce the Public Service over the forward estimates by about 5,000, if the debt is 'manageable' as you claim?

The Hon. J.W. WEATHERILL: That is how it remains manageable: we make savings. We make savings in a range of ways, just as we have since 2008-09 when the changed financial circumstances meant that we had to look more deeply at savings. It has always been a feature of the government since 2002 that it has sought savings to offset to some extent its expenditures. It is true that expenditures have grown more strongly than our savings, but that does not mean that we

have not made a savings contribution each year of the life of this government. It has simply meant, given the global financial crisis, that we have had to accelerate the process of doing that. Indeed, since 2008-09, there has been \$5.5 billion off our debt that has been contributed to by savings initiatives and revenue initiatives that have allowed us to moderate the debt level.

We are projected to save \$8 billion by the end of the forward estimates, which will reduce our government debt by that sum, and part of the contribution is a further 5,000 full-time equivalents. So, it is part and parcel of the prudent management of our finances. Most of those staff have come from roles which are backroom roles. The frontline staff have grown by about 2 per cent and backroom roles have shrunk by about 3 per cent. So, there is a substantial recalibration of the efficiency of the Public Service, trying to make sure that we do more with less.

The Hon. I.F. EVANS: Premier, you have spent some time talking about revenue, but isn't a significant part of your budget problem the control of expenses? Just on Budget Paper 3, page 12, if you look at the general government sector operating statement it highlights, for instance, that in 2012-13 the estimated result of employee expenses is \$200 million more than budgeted, and expenditure generally is around \$637 million more than budgeted. That has nothing to do with your revenue in: this is expenditure out. Isn't part of your problem—the reason we are running such big deficits—that you budget for a level of expenditure but you simply cannot deliver it?

The Hon. J.W. WEATHERILL: The fundamental picture of the budget is really a revenue story. One only needs to look at the level of taxation that is raised as a proportion of the economy to see that it, essentially, has fallen from the peaks that existed during the middle part of the decade of 17-odd per cent to numbers that have now fallen—and are projected to fall—to the order of 15.3 per cent.

If revenues were actually at the average revenue of gross state product experienced over the nine years to 2008-09, they would be some \$800 million higher in 2016 than are currently budgeted. Revenues in 2013-14 are expected to be \$1.3 billion lower than the long-term average to 2008-09. If we were raising the amount of taxation as a proportion of the economy that we were raising on a long-term average to 2008-09 next year, we would be \$1.3 billion better off. So, the story is a revenue story.

In relation to expenses, expenditure would be around \$1.2 billion higher in 2016-17 if we look at the average expenditure to GSP levels experienced over the nine years to 2008-09. Once again, in response to the constrained revenues we are constraining expenditures necessarily to try and achieve a prudent balance in the state's finances. This is the difficult work of managing reductions in expenditures when there are lots of worthy programs.

Anything that we do as a government does not have a value; it is just that we have to prioritise. That means stopping doing a range of things that we are doing at the moment, or do them differently. That involves change, which creates tension and there will continue to be tensions as we seek to constrain our expenditure or growth over the forward estimates.

Real growth in total operating expenditures is projected to decline by 2.7 per cent between 2012-13 to 2016-17, which is extraordinary, and we are bringing down a budget of that sort in the year prior to a state election. So very significant expenditure restraint has been necessary as a consequence of the economic circumstances that we face.

The Hon. I.F. EVANS: Just to follow up, total expenditure is \$637 million more than budgeted, so I am not talking about what you have predicted: I am talking about what you have actually delivered. What you have delivered is expenditure of \$637 million more than budgeted. Had you brought your expenditure in on budget, your net operating balance would have been under the \$867 million deficit you predicted last year. So all you had to do was bring your expenditure in on budget and you would have had a lower net operating balance than predicted. Part of the problem is the control of expenditure.

The Hon. J.W. WEATHERILL: To be able to understand your point and to rebut it, it is helpful to understand what the composition of the general government sector operating expenses were in 2012-13 since the 2012-13 budget, and they are largely due to a \$320 million increase in revenues and expenses associated with the relief of \$320 million of the South Australian economy balance sheet—

The Hon. I.F. EVANS: So that is even.

The Hon. J.W. WEATHERILL: —following relief at the corresponding amount of state payment relief. Then there was the \$80.9 million in both revenues expenses associated with the

on-passed grants from the commonwealth for financial assistance to the local government. This has no impact on the net operating balance, because it is money in and money out. There were additional resources of \$122.9 million to Health and Ageing in the 2012-13 midyear budget review following the reassessment of the department's capacity to deliver its savings task.

That was a decision to move away from savings that were believed to be unachievable. There was also additional funding of \$38.7 million to support additional training under Skills for All. So we are bringing forward training there in the Skills for All package to try and achieve that 100,000 commitment by 2016, earlier than we decided. We made a conscious decision to drag that funding forward.

The transfer of the Lysosomal Diseases Research Unit and associated specific-purpose funds of \$26 million to SAHMRI is a once-off funding arrangement that was a revenue stream and an asset that sat with government and has now been transferred essentially to SAHMRI. Then \$17.9 million in increased TVSP costs following higher than budgeted take-up is essentially a pull forward which would be spent in later years. The additional disability services expenditure is once again a pull forward of funding for that particular sector.

If you look at the actual composition of the increase in general government sector expenditure, leaving aside the health spending, which was regarded as not achievable in this form, the balance of those matters are really things that have their own specific explanation and do not bear out the thesis that the budget challenges are expenses rather than revenue challenges.

The Hon. I.F. EVANS: I refer to Budget Paper 4, Volume 4, page 216, regarding contingencies. The 2012 budget for contingencies (the three contingencies combined) was \$396 million and the estimated result is \$500 million, so you have spent over \$100 million more in contingencies than budgeted, and then the budget for 2013-14 is \$295 million. I am just wondering how you have managed to increase contingencies by \$100 million in the last 12 months. Has cabinet decided simply to go out and borrow \$100 million for contingencies or how has that contingency level increased?

The Hon. J.W. WEATHERILL: Obviously, we try to estimate contingencies to be adequate for unexpected expenditure and, by the nature of unexpected expenditure, it can only be estimated. But to explain the difference, it is essentially due to the \$122 million in the health budget, the savings that were essentially reversed in the Mid-Year Budget Review that were held in contingency and then transferred to SA Health, and enterprise agreement settlements including back payments related to 2011-12 for agreements reached in 2012-13. So, they were the two things which pushed the contingencies which were allocated above those that were budgeted. But each year, obviously, we try to make an estimate of what we expect, and the estimates of contingencies here are reasonable based on what we expect.

The Hon. I.F. EVANS: I assume it is a formal cabinet decision to increase the contingency? I assume they do it by borrowing?

The Hon. J.W. WEATHERILL: I think really it is no more or less than expenditure authority. How it is accounted for, whether it is drawn from contingencies or it is drawn from Treasury making the relevant decisions to fund that, really is all triggered by expenditure authority which is approved by cabinet. When decisions are made to do this in the context of the Mid-Year Budget Review, the Mid-Year Budget Review is approved by cabinet and all the associated expenditure approvals are correspondingly approved by cabinet.

The Hon. I.F. EVANS: There are three contingency provisions on page 216 of Volume 4. For each contingency provision, can you provide to the committee the level of the contingency across the forward estimates for each contingency and, in each contingency across the forward estimates, how much remains uncommitted?

The Hon. J.W. WEATHERILL: Because contingencies are held for things like wages settlements, principally, and measures of that sort, those numbers are generally not published. Usually what is published is the first year of the forward estimates, and that is the practice that has been adopted again this year.

The Hon. I.F. EVANS: Well, then, could you give the committee the collective total? So that the contingency for employee entitlements is not exposed, can you take it on notice and give the combined level of contingency across the forward estimates to the committee and how much remains unallocated in each of the forward estimates years?

The Hon. J.W. WEATHERILL: That is something that hasn't been provided as a matter of past practice and I don't intend to depart from past practice.

The Hon. I.F. EVANS: So you are refusing to provide the committee with the collective contingencies?

The Hon. J.W. WEATHERILL: I have answered the question.

The Hon. I.F. EVANS: So, how would the parliament know, for instance, if the contingencies were suddenly increased by \$500 million in January?

The Hon. J.W. WEATHERILL: The way a budget works is that parliament provides appropriation for the next financial year and each budget is dealt with on a year by year basis. These are budget papers that provide an extraordinary level of detail over the forward estimates, but what is not published are contingencies, as a matter of practice. It has never been done before in this state and it won't be done now.

Ms BETTISON: My question is to the Premier, with reference to Budget Paper 3, page 82, table 4.9: Key balance sheet indicators—non-financial public sector. Can the Premier explain how net debt aggregates for the non-financial public sector and the ratio of net debt to total revenue compare with other states?

The Hon. J.W. WEATHERILL: Thank you for that question. An appropriate measure to compare total debt across governments is the net debt in the non-financial public sector measure. This includes the debt held by the general government sector as well as the debt held by government trading enterprises. The debt held by these enterprises is generated for the purpose of a financial return. So, for instance, SA Water's debt is from investments in infrastructure that generate revenue through water sales.

South Australia's net debt for the non-financial public sector in 2013-14 is forecast to reach \$11.1 billion before increasing to \$13.7 billion in 2015-16, reflecting the impact on the government's balance sheet of the lease of the new Royal Adelaide Hospital. The 2016-17 net debt reduces to \$13.1 billion, reflecting budgetary measures in the general government sector.

In order to appropriately compare total government debt levels, the measure of net debt to revenue across the non-financial public sector can be used. On this basis, South Australia's net debt to revenue ratio for the non-financial public sector is estimated to be 68 per cent in 2013-14, 66.2 per cent in 2014-15, 74.2 per cent in 2015-16 and 67 per cent in 2016-17.

These levels compare favourably to other jurisdictions. In particular, Victoria's net debt to revenue ratio across the total government sector is 12 percentage points higher than South Australia's in 2012-13. In 2013-14, Victoria's is 4.8 per cent higher; in 2014-15, 9.4 per cent higher; 1.9 per cent higher in 2015-16; and 0.1 per cent higher in 2016-17.

In New South Wales, in 2013-14, it is 3.1 percentage points lower than in South Australia, but, in 2014-15, New South Wales is three percentage points higher. In 2015-16, New South Wales is 1.8 per cent lower than in South Australia and, in 2016-17, New South Wales is 7.9 percentage points higher than South Australia.

South Australia is lower than Queensland by 10 percentage points in 2013-14; 5.7 percentage points lower than Queensland in 2014-15, 3 per cent higher in 2015-16, but 0.3 per cent lower than Queensland in 2016-17. Clearly, our levels of indebtedness over the forward estimates are comparable to, or better than, the three largest states in Victoria, New South Wales and Queensland.

Ms BETTISON: With reference to Budget Paper 5, Chapter 1, page 8, can the Premier explain why the government has continued its significant investment in the state's infrastructure program in light of the current budget position and how this investment will benefit South Australians?

The Hon. J.W. WEATHERILL: Thank you for that question. There is no doubt that the continuing commitment to infrastructure funding in South Australia has made a massive difference to South Australia's level of economic activity and the capacity of its citizens to gain and retain employment. Just the capital program for 2013-14 alone will support 8,700 South Australian jobs. In 2013-14 it includes infrastructure investing expenditure on the following major capital projects:

- expenditure on the public health system, including the construction of the new Royal Adelaide Hospital;
- expenditure rejuvenating the state's public transport system, including the electrification of the Gawler rail line;

- expenditure to improve traffic flows along the north-south road corridor, including the upgrade of South Road between Torrens Road and the River Torrens; and
- expenditure on the redevelopment of the Adelaide Oval.

In the public non-financial sector it includes:

- expenditure by SA Water on developing and renewing the state's water and wastewater network;
- expenditure by the Housing Trust on public housing developments and capital maintenance programs; and
- expenditure to expand and develop the Adelaide Convention Centre.

The forward estimates also include expenditure on the following previously announced initiatives:

- the duplication of the Southern Expressway;
- the extensive rail revitalisation;
- the South Road Superway; and
- the refurbishment of the Flinders Medical Centre, the Lyell McEwin Hospital and the Women's and Children's Hospital.

The government's investment in state infrastructure will assist in leveraging further investment from the private sector. We have already seen that in the CBD: the Adelaide Casino development and the two developments by the universities in the bioscience precinct—two \$200 million investments in that area—all of these off the back of this important public investment are generating jobs in the South Australian economy. I should also mention the courts complex. The South Australian government will be undertaking measures to attract a private investor to rebuild our district and supreme courts.

Ms BETTISON: I refer to Budget Paper 3, Volume 3, page 53. How competitive is South Australia's tax regime for business investment?

The Hon. J.W. WEATHERILL: We have a competitive business cost environment here in South Australia and that is in part because of the steps that we have taken to reduce taxation as the fiscal circumstances have allowed. Since coming to office, the government has delivered measures which are estimated to provide relief of \$554 million in 2013-14 alone, including \$208 million in payroll tax relief and \$198 million in land tax relief.

I am aware of publications that attempt to compare business taxes based simply on different tax regimes across states. Once such report is put out by the Institute of Public Affairs, which finds that South Australia is one of the highest taxing Australian jurisdictions, citing land tax as the main reason. Comparing the taxes that businesses pay involves looking not only at the marginal rates of taxation that apply in different jurisdictions, but also the value of what is taxed.

The conclusion of the Institute of Public Affairs is misleading. South Australia's marginal rate of tax on high valued landholdings may be higher, but the value of an equivalent parcel of land in different cities cannot be assumed to be the same. The IPA based its comparisons on a hypothetical reference business which is assumed to employ 60 people and hold land assets worth \$2 million. The IPA comparison contemplates only costs associated with state taxes, ignoring other costs to businesses associated with operating businesses in different jurisdictions.

A more sophisticated comparison of business costs is contained in the KPMG's biennial Competitive Alternatives report, which looks at a range of business costs across different jurisdictions. Adelaide, in their survey, is ranked as the most cost competitive of Australian cities included in the survey. There are other ways to compare state tax raising efforts; for example, on a state tax revenue per head of population basis South Australia is third lowest.

The government is mindful of the need to ensure that when the budget allows tax reduction this is done to ensure that economic outcomes are achieved. That is why we have focused our efforts on payroll tax. Our statutory payroll tax is 4.95 per cent, the third lowest in Australia. This budget includes two-year payroll tax concession for small employers. The concessional payroll tax rate will mean that firms with taxable payrolls of \$600,000 to \$1 million will have their payroll tax rate halved, effectively, at 2.5 per cent. The concessional rate then phases out to the statutory rate of 4.95 per cent for firms with payrolls between \$1 million and \$1.2 million. This will deliver up to

\$9,800 in assistance in each of the next two financial years for small businesses. The concession will be paid as a lump sum early in the year to ensure businesses will receive a cash flow benefit.

The Hon. I.F. EVANS: Budget Paper 3, page 62 talks about school accounts and the government's change of policy about interest earned on school accounts. What is the annual amount of revenue earned by the government each year across the forward estimates from the decision to remove the benefit of earnings on unspent state funds in school bank accounts?

The Hon. J.W. WEATHERILL: We will have to take that on notice. It is worth just clarifying that the interest on school accounts that is retrieved to the budget does not apply to those funds that have been raised by the schools themselves.

The Hon. I.F. EVANS: What I am seeking, Premier, is the dollar figure across the forward estimates from the change of policy where the schools used to keep interest on certain moneys and now they do not. I am chasing the amount of money earned per year across the forward estimates—in other words, the cost to budget if that policy were reversed.

The Hon. J.W. WEATHERILL: Certainly. If I did not say I will take that on notice, I say now that I will take it on notice.

The Hon. I.F. EVANS: Budget Paper 3, page 20 deals with water concessions, and Treasury has done a lot of work modelling concessions for the minister. In regard to water concessions, for each year of the forward estimates, what is the number of eligible recipients in each category of eligible recipients, and what is the total amount of concessions paid in each category of eligible recipients? For each year of the forward estimates, how many are on the minimum water concession and the maximum water concession?

The Hon. J.W. WEATHERILL: We will take that question on notice and bring back an answer.

The Hon. I.F. EVANS: I refer to Budget Paper 3, page 182, concerning concessions. Can the minister provide details of every concession type available and the cost to the budget across each of the forward estimates of each of the concession types? For electricity concessions, can the minister advise for each year of the forward estimates, what is the total number of eligible recipients in each category of eligible recipients and what is the total amount of concessions paid in each category of eligible recipient?

The CHAIR: You might have to take that on notice, I think, Premier.

The Hon. J.W. WEATHERILL: Yes, we can, and we will take that on notice.

Mr ODENWALDER: Premier, I refer to Budget Paper 3, page 27. You touched on this before, but could you expand on the government's expenditure in priority areas across government?

The Hon. J.W. WEATHERILL: Yes, I can. The South Australian budget sought to retain a clear line of sight on each of the seven priorities that exist within the South Australian government. Those priority areas for expenditure include, of course, sharing the benefits of the mining boom for all South Australians; premium food and wine grown in a clean environment; an affordable place to live; creating a vibrant city; growing advanced manufacturing; and safe communities and healthy neighbourhoods. Those seven priorities, despite the constraints that we had in terms of the budget, have all received very substantial contributions. Many of them have been leveraged by partnerships that have been forged with non-government and private sector partners.

To take some of the highlights in each of the areas, in terms of creating a vibrant city, \$18.2 million has been allocated over the next four years to our major cultural institutions. In relation to an affordable place to live, the most substantial contribution there has been the contribution towards water concessions for pensioners and low-income earners through cheaper car registration. In relation to Every Chance for Every Child, there has been a substantial investment in our preschool upgrades and also innovative new programs such as \$2.8 million over three years for keeping families together—the Family by Family program.

In relation to growing advanced manufacturing, we have contributed \$4.1 million over four years for a high-value food manufacturing centre, and we have brought forward \$27 million of funding over two years for skills training. In relation to Safe Communities, Healthy Neighbourhoods, we have continued to invest in new police, through \$34.9 million over four years, to ensure that we meet our target of an extra 300 police.

In relation to realising the benefits of the mining boom, \$6 million has been contributed to a mining and petroleum services centre of excellence which, in partnership with BHP and Santos, will make South Australia a centre of activity in our growing mining and energy sectors. Our premium food and wine from our clean environment program has benefited from a \$2.6 million contribution to premium food and wine clusters based in the regions and \$2.5 million over three years for increasing our food and wine exports, in particular, to China.

Mr ODENWALDER: I refer the Premier to Budget Paper 3, page 24. Can the Premier please expand on the government's progress on achieving savings in the state budget?

The Hon. J.W. WEATHERILL: I thank the honourable member for his question. The government has continuously imposed savings measures, both across government and specifically to programs and agencies, to both improve the budget position and offset the impact of new expenditure. On coming to office in 2002, over \$900 million of savings were outlined over four years. Again, in 2006, over \$600 million in savings were outlined over four years.

Following the onset of the global financial crisis, the 2008-09 mid-year review outlined savings to respond to the deterioration in revenue estimates across the forward estimates. Since that time, the government has imposed and locked in savings to agency budgets of a cumulative \$5.5 billion to the end of the forward estimates. This includes reductions in over 3,000 full-time equivalents, program-specific reductions, revenue measures and other savings. The 2013-14 budget includes a number of initiatives that provide further savings over the forward estimates period.

Separation payments for those taking voluntary separation packages in the public sector have been reduced from a maximum of 116 weeks to a maximum of 52 weeks. Separation payments will now be calculated at 10 weeks plus two weeks for every year of service. This measure provides \$37.9 million in savings over the next three years. Savings measures previously scheduled to commence in 2015-16 have been brought forward to the 2014-15 financial year, saving \$43.7 million in 2014-15.

Agencies exempt from this measure include Health, Education and Childhood Development, Communities and Social Inclusion, police, the EPA and the State Emergency Service. The efficiency dividend will be extended into the 2016-17 financial year, saving a further \$58.5 million in that year. Together, these measures contribute \$140.1 million of improvement over the forward estimates. This is in addition to the \$16.8 million in savings over five years achieved by reducing the number of ministers in the government from 15 to 13.

In total, the savings already locked in and the savings to commence over the forward estimates, including those I have just outlined, will have cumulatively saved the budget nearly \$8 billion by 2016-17; per year, these savings are significant, growing from \$1.2 billion in 2013-14 to \$1.8 billion in 2016-17. This is the equivalent of 7.5 per cent of general government operating expenditures in 2013-14, growing to 10.2 per cent in 2016-17.

The Hon. I.F. EVANS: You will probably take this on notice, too, I assume, Treasurer. Continuing on with concessions, for each of the forward estimates, what is the expenditure on gas concessions and what is the total number of eligible recipients; what is the total cost of gas concessions paid to eligible recipients in each class of eligible recipients; and what is the total number of eligible recipients in each class of eligible recipients?

The Hon. J.W. WEATHERILL: We will take that question on notice as well.

The Hon. I.F. EVANS: Budget Paper 3, page 41 refers to the GST. What is the Treasurer's view on reducing the threshold for the exemption from GST for retail sales?

The Hon. J.W. WEATHERILL: We are obviously interested in measures that protect the integrity of the GST system. I know that the commonwealth is presently considering whether there is an administratively feasible way of actually being able to do this. We have reserved our judgement about the efficacy of that depending on whether a method can be established which is not administratively burdensome that is all out of whack with what is being sought to be protected.

The Hon. I.F. EVANS: Supplementary on that one, Premier: the Under Treasurer told the Economic and Finance Committee the other day that it was the government's view and his view that they would support a reduction in the threshold if it was administratively not too burdensome. I am just seeking confirmation that that is the government's view.

The Hon. J.W. WEATHERILL: We do not have a proposition before us at the moment. It may well be that there is not a way of actually dealing with this question that does not impose

undue burdens. I think the caveat that the Under Treasurer placed on the matter is an appropriate caveat; we do not have a proposition in front of us at the moment.

The Hon. I.F. EVANS: Was the Under Treasurer incorrect in what he told the Economic and Finance Committee? Is the government's position that you are ruling out supporting it under any circumstances, or would you support it if an administratively simple way could be found?

The Hon. J.W. WEATHERILL: We accept the general principle that we want to protect the integrity of the GST system. There are some competing contentions on how that should be resolved. Some assert that there is no administratively simple way of actually dealing with this issue. Until we see a proposition, we do not have a settled government position, except that we do want to protect the integrity of the GST base.

The Hon. I.F. EVANS: Budget Paper 3 deals with spending on education. What is the estimated cost to the government across the forward estimates to transition year 7 to secondary school?

The Hon. J.W. WEATHERILL: I do not think we have undertaken that exercise. Certainly, I have asked about that proposition when I was education minister. There is a policy question that has to be overcome first, and that is whether it is a good idea. I think that there are some powerful competing contentions on both sides of the debate. I think the best view is that, in an ideal world, you would have a middle school which, in a broader birth-to-12 environment, would deal with those transition points.

Certainly, there seems to be an increasing number of schools in the national scheme that are moving towards year 7 being in high school, so this will require us to reconsider the matter. Although, I think our preliminary observation about it is that it is quite an expensive exercise. The present chief executive of the Department for Education I think went through a similar exercise in Britain in a particular education district, and found that the organisational and educational disruption associated with the change, in his view, at least, outweighed any benefit that he thought was marginal.

I know there are different views about this. I think the truth is that different children experience the primary high school situation differently; some people would benefit from the extra year at primary school, others are very keen, obviously, to get into the high school environment. We have not undertaken a serious costing because we have not reached the policy position that it is a good idea yet, although increasingly there seems to be other jurisdictions moving in that direction. On the face of it, it seems like it is quite an expensive proposition.

The Hon. I.F. EVANS: So what was the latest cost that—

The Hon. J.W. WEATHERILL: I do not think we got to some dollar numbers, but—

The Hon. I.F. EVANS: So you know it is expensive, but you have not got a cost.

The Hon. J.W. WEATHERILL: I think some preliminary observations were made about what it would require in terms of reconfiguration of classrooms and those things, and it was clear that it was a very big number. Look, if there has been some more work done on it, I will ask for that to be retrieved.

The Hon. I.F. EVANS: Premier, last year, the then-treasurer announced the winding up of SAMAC, I think it was in February—the old bad bits of the State Bank. Just for the record, I am wondering whether you could provide in your responses to the estimate committees what was the total amount recovered out of the old State Bank, not just through SAMAC but through all of the recovery mechanisms? Just for the historical record, it would be interesting to know how much we actually recovered over a 20-year period. So, if you could take that on notice for us.

The Hon. J.W. WEATHERILL: Yes.

The Hon. I.F. EVANS: Premier, in relation to Budget Paper 5, Capital Investment Statement, page 40, Rail Revitalisation—Offset Provision, there is a \$75 million rail offset provision, with \$50 million in 2013-14. What exactly is that other than a cut to the capital program? What is actually cut to achieve a \$75 million offset provision?

The Hon. J.W. WEATHERILL: I think it is the process of the chief executive within DPTI that as projects are completed, when they come in under budget, the savings are applied against the \$75 million savings that are required in that particular project. On 3 September, cabinet approved further prioritisation of funding within the rail revitalisation program to enable completion of the track, resleeper and electrification works on the Seaford line and additional expenditure of

\$75.2 million was approved over the forward estimates to be fully offset by reduced expenditure within DPTI's capital and operational program.

What happens is we approved that expenditure going ahead, but we asked the department to find offsetting savings in other parts of its capital expenditure program. That was disclosed in the 2012-13 Mid-Year Budget Review. To date, the amount of \$24.3 million in reduced expenditure by DPTI has been offset against that provision, with \$50.9 million remaining. As savings are made in other projects, they are applied to essentially net off the extra \$75 million that was necessary for the Adelaide to Seaford line.

The Hon. I.F. EVANS: So they have found around \$24 million worth of savings. Is there a detailed breakdown of what those savings are? Are they savings, as in the project came in under cost, or are they savings because they have simply stopped some projects?

The Hon. J.W. WEATHERILL: It appears that the contributions at this point have been cost underruns, so where they have made savings on just the cost of projects they have applied that to this purpose.

The Hon. I.F. EVANS: Could you provide the committee a project by project breakdown of the \$24 million that makes up the savings?

The Hon. J.W. WEATHERILL: We can provide that to you and take that on notice.

The Hon. I.F. EVANS: Can you provide the committee with the detail of how much money was given back to the commonwealth out of the Gawler electrification project? There is a footnote in the budget papers that some money was given back federally. How much was that?

The Hon. J.W. WEATHERILL: I think that has now been offset by the fact that, because we have restarted the work on the Gawler line, the money has come back to us for that work. There is a greater sum of money that has come back to South Australia than was essentially obliged to be returned when we made the earlier decision to cease work or to postpone work on the Gawler line. There was money that came through in this budget for the Gawler line, which is greater than the sum that was obliged to be returned, because of the earlier sum that had been provided to us.

The Hon. I.F. EVANS: There was an amount sent back to Canberra; can the committee be advised of that amount? Then how much has been reallocated to us, and is the amount reallocated to us only for the Adelaide to Dry Creek portion of the line?

The Hon. J.W. WEATHERILL: The last part is true. There is about \$76 million from the commonwealth for the Gawler line works, and we will have to take on notice the amount that was advised to be returned because of the suspension, but it was in the order of magnitude of about \$30-odd million.

The Hon. I.F. EVANS: What is the latest cost estimate that you are aware of for completing the remainder of the Gawler electrification, outside of the Adelaide to Dry Creek that has already been announced?

The Hon. J.W. WEATHERILL: We will have to take that on notice.

The Hon. I.F. EVANS: Also the Outer Harbor line.

The Hon. J.W. WEATHERILL: I will take that on notice as well.

The Hon. I.F. EVANS: Budget Paper 3, page 45 talks about the lifetime support scheme levy, which is introduced. It has revenue figures of around \$13 million or \$14 million across the forward estimates. I understood that the lifetime support scheme levy was around \$105 per vehicle, which does not equate to \$13 million annual income, so I am wondering what the \$13 million figure relates to.

The Hon. J.W. WEATHERILL: The way this works is that it is the stamp duty on the insurance policy, basically, on the leviable portion. That is the income we get. Because of the reduction in the overall premium we had a reduction of about \$40 million over the forward estimates in the amount of revenue that we got into the state. The smaller premium has obviously led to a smaller stamp duty. So the number you are looking at is the total premium; the revenue is just the stamp duty revenue to the state which is a dutiable instrument.

The Hon. I.F. EVANS: So the \$13 million, \$14 million and \$15 million across the forward estimates, that is the amount of stamp duty you are going to collect off the levy?

The Hon. J.W. WEATHERILL: On the new scheme.

The Hon. I.F. EVANS: Right.

The Hon. J.W. WEATHERILL: The net effect, though, on the state in terms of finances is we are losing about \$10 million per annum. So you had a car rego and premium which is lower, so we are getting a lower total revenue because the stamp duty is on a lower number.

The Hon. I.F. EVANS: On what levy rate is the 2014-15 stamp duty calculated? Is it the \$105 per vehicle?

The Hon. J.W. WEATHERILL: It is the standard stamp duty rate of 11 per cent, I think.

The Hon. I.F. EVANS: Yes, but it must be calculated on a total amount—

The Hon. J.W. WEATHERILL: Yes.

The Hon. I.F. EVANS: —and the total amount must be based on a certain levy per vehicle. So what I am asking you is what is the levy per vehicle that they have done the modelling on to get the stamp duty?

The Hon. J.W. WEATHERILL: A hundred and five.

The Hon. I.F. EVANS: A hundred and five?

The Hon. J.W. WEATHERILL: Yes.

The Hon. I.F. EVANS: The government has done some media on large reductions, for instance, for taxis prior to the election.

The Hon. J.W. WEATHERILL: Yes.

The Hon. I.F. EVANS: So one assumes after the election when this new levy comes in, the taxi costs will significantly go up. It is not a \$105 per vehicle flat levy, I assume. How is it calculated?

The Hon. J.W. WEATHERILL: The way it works is that over two years it is about a \$148 reduction. So in one year it is about a \$100 reduction and in another year, it is about a \$50 reduction—it goes down by \$100 then back up by about \$50. That is the average car. There is a corresponding adjustment for a larger vehicle. For larger vehicles, the effect is magnified by a certain proportion.

I do not have those numbers with me, but for a taxi, presumably it is a higher number. I think the adjustments are in that proportion: a reduction and then a large reduction, then some of that is offset by a new catastrophic injury levy, but it is still a substantial reduction from where you start it from because we have made changes to the CTP Scheme.

Ms SANDERSON: My question relates to Budget Paper 3, page 62, Asset Sales. For each year across the forward estimates, what is the expected revenue from asset sales?

The Hon. J.W. WEATHERILL: We have ruled out major asset sales across the forward estimates, but there are a range of small assets such as buildings, etc. that we will continue to pursue. We can provide an answer to those questions on notice.

Ms SANDERSON: Is the government proceeding with the sale of the hospital car parks, and, if so, which ones and what is the timing?

The Hon. J.W. WEATHERILL: We are continuing to examine that proposition, and there will be some decisions made about that during the course of the year.

The Hon. I.F. EVANS: I refer to Budget Paper 3, page 62 on mining royalties. What is the cost to budget across each year of the forward estimates in reverting to a six-monthly payment of mining royalties rather than the monthly payment?

The Hon. J.W. WEATHERILL: So essentially reversing the saving that we made in the Mid-Year Budget Review. We probably need some clarity around whether your question is limited to reversing the savings that were announced in the Mid-Year Budget Review.

The Hon. I.F. EVANS: Yes.

The Hon. J.W. WEATHERILL: Okay.

The Hon. I.F. EVANS: If you reverse it across the forward estimates, what would be the cost to budget?

The Hon. J.W. WEATHERILL: We will take that on notice and bring back an answer. It should be contained in the Mid-Year Budget Review papers, but we will hunt that out for you.

The Hon. I.F. EVANS: The recreation and sport fund: has the Treasurer or his predecessors—

The CHAIR: Which budget paper?

The Hon. I.F. EVANS: Budget Paper 3, page 157: Consolidated Account—one of my favourites. Has the Treasurer or his predecessors required the Office for Recreation and Sport (ORS) to pay back funds to the Consolidated Account equal to the amounts received by the recreation and sport fund? If yes, how much has been paid back each financial year since 2009-10?

The Hon. J.W. WEATHERILL: We are presently struggling a bit with this. The fund itself is specified for certain purposes and can only be applied to those purposes, and is, but we will get some advice on how the money is shifted around the government and then applied to those purposes and bring back an answer.

The Hon. I.F. EVANS: Treasurer, I have a minute dated 29 February 2010, signed by acting treasurer Holloway and addressed to the then sports minister, saying that with respect to the future treatment of the fund, 'I have approved that the balance of the fund be drawn down by ORS in 2010-11 offset by a reduction in appropriation. Similarly, I have approved drawdown of 300 from the fund offset by appropriation', etc. so I am wondering why the parliament says that a certain amount every year should be spent through this fund for community sport then the government reduces recreation and sport's appropriation by the same amount.

The Hon. J.W. WEATHERILL: I think the simple point is that the fund is there to be applied for sport and recreation's purposes and has been expended on sports and recreation purposes.

The Hon. I.F. EVANS: Yes, but why did the government decide then to reduce the agency's appropriation by the same amount?

The Hon. J.W. WEATHERILL: If there are funds—

The Hon. I.F. EVANS: And then there is a dispute going on between Treasury and the Office for Recreation and Sport which has been going on for nearly six years that that money cannot be spent. They haven't spent the money. It has built up.

The Hon. J.W. WEATHERILL: Well—

The Hon. I.F. EVANS: The evidence to the Economic and Finance Committee is that the fund has built up to about \$1.6 million over six or seven years because Treasury and the Office for Recreation and Sport are having a legal argument about whether or not Treasury's instruction is appropriate.

The Hon. J.W. WEATHERILL: Well, the simple point is this. When projects can be identified as capable of being spent out of that particular fund and there are resources in that fund available, then that is the first call on that fund. It is appropriate that the Office for Recreation and Sport use that fund for the purpose of making that expenditure.

The Hon. I.F. EVANS: I refer to Budget Paper 1, page 12—stamp duty relief for corporate restructures. Currently, there is an ex gratia system in place and there are certain eligibility tests, which I understand to be that relevant corporations must be members of the same corporate group for a period of no less than three years immediately prior to the transaction, that all substantial assets need to be transferred, that relevant corporations must remain members of the same corporate group for a period of no less than three years immediately after the transaction, and there is an ability to claw back the exemption if the assets are subsequently sold. Is it the intention that those eligibility criteria remain in place?

The Hon. J.W. WEATHERILL: Yes, it is intended that similar criteria will be applied to these applications in the future.

The Hon. I.F. EVANS: So, why has the government decided not to move to a simplified model like, for instance, the New South Wales model, where some of these eligibility criteria are not in place?

The Hon. J.W. WEATHERILL: We think that this is a red-tape reduction measure. People now do not have to go through the whole process of an application. There is a more streamlined

process. They get 100 per cent of the relief, rather than 95 per cent of the relief. So, it simplifies and streamlines corporate restructures. They can be confident that they will be able to meet the test without having to go through an application process.

The Hon. I.F. EVANS: So, how many ex gratia payments were made last year in relation to corporate restructures and how many do you think will be done under this new scheme? What is the budget?

The Hon. J.W. WEATHERILL: We will have to take that on notice.

The Hon. I.F. EVANS: Alright. What would be the estimated cost to the budget to move to the New South Wales system?

The Hon. J.W. WEATHERILL: While we are moving to elements of some consistency with the interstate schemes, because we have not done a complete detailed analysis of that scheme, we do not have those numbers available.

The Hon. I.F. EVANS: So, Treasury hasn't modelled them?

The Hon. J.W. WEATHERILL: No.

The Hon. I.F. EVANS: Alright. Budget Paper 3 deals with water pricing as part of the sales section of the budget paper. Premier, there has been a pricing order by ESCOSA for the period 2013 to 2016, based on revenue from 190 gegalitres. Why was the pricing order based on 190 gegalitres, not 180 gegalitres as recommended by SA Water and an independent consultant? Is it true that, if the revenue collected during the period 2013 to 2016 is not as predicted, then the pricing order requires the water price increase between 2016 and 2019 to recover the shortfall in revenue collected between 2013 and 2016?

The Hon. J.W. WEATHERILL: There are lots of elements to that question. First, it is important to get the actual consumption figures correct because, if we underestimated consumption, that would have led to a lower price reduction for consumers and we wanted to maximise the opportunity for a price reduction to consumers. The reality is that actual consumption this year is tracking at 195 gegalitres, and even some of ESCOSA and SA Water's earlier estimates were much lower, at 176 for 2012-13 and 178 for 2013-14. Some of those have been demonstrated to be inaccurate in the past. Those numbers did not take into account current consumption this year nor the changes in consumer behaviour following the end of water restrictions.

We are obviously going to monitor actual water demand to assess how consumer behaviour continues to adapt to post drought conditions and consider these parameters in the lead-up to the next regulatory period, but the impact of this high demand actually lowers the water price and that is obviously a good thing for consumers. In the period during the pricing order, we bear the dividend risk, not the consumers, and in any event, in the lead-up to the next pricing arrangement we can review the situation to ensure that any unintended consequences are not visited on consumers.

The Hon. I.F. EVANS: So if there is a revenue shortfall in the period 2013-16, is there a pricing order that says that the water price set in 2016-19 has to be increased enough to collect the shortfall in revenue in 2013-16?

The Hon. J.W. WEATHERILL: That is not how it works. It would be up to the treasurer of the day, though, to make relevant assessment about the pricing order. We have already indicated that we would be reviewing that matter as part of the process in the lead-up to that pricing determination. For the next three years prices are determined and consumers are protected, and for the following period that would be a matter for the treasurer of the day.

The Hon. I.F. EVANS: The pricing review that has been undertaken by ESCOSA in regard to sewerage prices and water prices refers to 'smart meters'. I am aware of what a smart meter is for electricity; what is a smart meter in relation to sewerage or water?

The Hon. J.W. WEATHERILL: My mind boggles about what a smart meter is for sewerage. For water, no, I'm sorry, I don't know the answer to that question.

The Hon. I.F. EVANS: No idea? Okay. In Budget Paper 5, Capital Investment Statement, page 5, the budget sets out a claim that there is \$10.1 billion worth of capital investment over four years. Can the Treasurer provide a breakdown of this program per year across the forward estimates, broken into expenditure on individual projects, and for each project in each year across the forward estimate a breakdown of the state contribution and the federal contribution?

The Hon. J.W. WEATHERILL: We can provide some information, but some of it would, if it was supplied in the terms that it was requested, disclose contingencies, which we would not wish to do; but we will supply as much information as we can about the nature of those projects.

The Hon. I.F. EVANS: I do not quite understand the issue of contingencies. How is that a concern?

The Hon. J.W. WEATHERILL: Because we do not want to disclose the nature of the contingencies over the forward estimates, which could provide information that we do not necessarily want to have in the marketplace about what capacity we have.

The Hon. I.F. EVANS: But, Treasurer, why can't you provide the detail without identifying whether it comes from contingencies or not?

The Hon. J.W. WEATHERILL: I suspect if it is on a project by project basis necessarily it would disclose that. We will supply as much information as we can about what the \$10.1 billion speaks to.

The Hon. I.F. EVANS: If you gave me the list as requested, how would anyone know how it is being funded? It will be project, by year, so much from the commonwealth, so much from the state. How would they know whether it was coming from contingencies or not?

The Hon. J.W. WEATHERILL: I think you would be able to derive it by looking at the total project number and then simply working out what the expected contingency was, having regard to what the costs associated with the project are likely to be. I think that it is something that would undermine our position and we would not wish to have that publicly disclosed.

The Hon. I.F. EVANS: Budget Paper 3, page 183 talks about the saving measures. For each year from and including 2007-08 to the end of the forward estimates, can the Treasurer provide a breakdown of all the individual saving measures announced and, for each saving measure, the amount of savings that have been made from the year 2007-08 and across the forward estimates as at 30 June this year?

In other words, there has been a layer cake of saving measures announced since 2007-08 and there is no consolidated list available in any of the budget documents. What I want is a consolidated list of the savings and then, for each year, all the different saving measures and then what saving has been claimed to have been made against that saving measure.

The Hon. J.W. WEATHERILL: We have disclosed the list on page 113. I will undertake to provide another layer of detail. We cannot go down to every paperclip that has been saved in our agencies that comprise these numbers, but we will provide a greater level of detail than exists in the table at 6.1 on page 113. The aggregates are set out there in each of the years, but we will also provide another level of detail.

The Hon. I.F. EVANS: Budget Paper 3, page 22 concerns the Motor Accident Commission projects. There is \$52.3 million of expenditure of the \$100 million outlined on page 22 and there is \$42.4 million to be spent over the next four years, according to the commentary. Can the Treasurer provide a breakdown by project and by year across the forward estimates? And when is the other \$9.9 million of the \$52.3 million to be spent?

The Hon. J.W. WEATHERILL: It is yet to be determined. What you would also have seen with the announcement was the establishment of a committee that would inform decisions about additional expenditures to try to rank road safety priorities for that particular expenditure. That has not commenced yet.

The Hon. I.F. EVANS: My understanding of it, Treasurer, is that the \$47.7 million is subject to the committee. There is an announcement of \$52.3 million; there is an outline of \$42.4 million; there is a \$9.9 million amount that is not allocated to any project. What is that for and what is that being spent on?

The Hon. J.W. WEATHERILL: Sorry—that is the money that is our share of the APY lands road which, because of the profile of the commonwealth expenditure, just falls outside the forward estimates.

The Hon. I.F. EVANS: Budget Paper 3, page 28 refers to Treasury's operating expenses. Why did Treasury and Finance overspend its budget by 19 per cent?

The Hon. J.W. WEATHERILL: The answer is that they did not exceed their budget. What happened is that there were a number of asset sales, which were the work of Treasury and Finance. Once the asset sales were concluded, the central contingencies which were held to pay

for the work which made the asset sales happen were transferred across to DTF so that the expenditure and the revenue for that were then approved at the same time. Essentially what happened is that, during the course of the year, some additional work which was done which required an expense, which always had a matching revenue sitting in contingency, was then brought into play. So, that is why you see the higher revenue and the higher expenditure within DTF during the course of the financial year.

The Hon. I.F. EVANS: So, when it says that the estimated result is \$132 million and its budget was \$111 million, which is a \$21 million increase, that is because of?

The Hon. J.W. WEATHERILL: I think that we are talking about two different things here. It is not a budget exceedence issue.

The Hon. I.F. EVANS: Okay. Operating expenses were budgeted to be \$111 million and they spent \$132 million. How much of the \$21 million was for the forests and lotteries sales?

The Hon. J.W. WEATHERILL: What happens during the course of the year is that, if something new happens which cabinet approves, that resets the budget during the course of the year. So, it is not a budget exceedence issue. It is that the budget is revised during the course of the year, and the new budget is met by the agency and, in this case, a new budget associated with new work.

The Hon. I.F. EVANS: So, how much did it cost us to sell forests and how much did it cost us to sell lotteries—what were the total expenses there?

The Hon. J.W. WEATHERILL: We will take that on notice.

The Hon. I.F. EVANS: Just so that I clearly understand this: when it says that last year's budget for the net cost of services is \$68.9 million and the estimated result is \$86.8 million, your advice to me is that that difference of around \$18 million is all related to selling the forests and the lotteries—if it was not for that, they would have come in on budget?

The Hon. J.W. WEATHERILL: The vast majority of it was the forest sale and the lotteries sale, but there was also the commencement of the compulsory CDP reform project and the commencement of the workers compensation improvement project. All of those comprise the difference. So, new work which had new money associated with it, not all of it done within Treasury but paid for by Treasury for other people to do.

The Hon. I.F. EVANS: Very generous. I refer to Budget Paper 3. The government has previously announced a saving or revenue measure out of the Construction Industry Training Board, trying to gain up to about \$3.5 million to \$4 million a year from the Construction Industry Training Fund. Is it the government's intention still to seek revenue out of that fund and, if so, how much per year across the forward estimates?

The Hon. J.W. WEATHERILL: That is a matter, I think, that should be directed to the Minister for Further Education; she has carriage of that savings initiative.

The Hon. I.F. EVANS: So, no-one in Treasury knows that they are still seeking the funds?

The Hon. J.W. WEATHERILL: All ministers are obliged to pursue the savings in the measures that are contained in budget, but the current status of that is something I think you should ask her about; I do not have a briefing about that.

The Hon. I.F. EVANS: Okay. I refer to Budget Paper 3, page 207. What is the level of cash reserves for Treasury across the forward estimates?

The Hon. J.W. WEATHERILL: Sorry, it must be a different budget paper; we are having trouble finding it.

The Hon. I.F. EVANS: Sorry, Budget Paper 4; I just want to know what the cash reserves are in Treasury.

The Hon. J.W. WEATHERILL: We just publish for each year, so that is the cash that is held during the 2013-14 year. It is held for all agencies consistent with a cash alignment policy. So, there is a basic level of working capital that agencies are obliged not to exceed—it is about making sure that there is sufficient cash to be able to make payments when and if they fall due.

The idea is that there is a cash alignment policy so that they do not have big reserves built up, so that would then be retrieved back to Treasury. So, you would imagine that they would remain fairly constant across the forward estimates as been published for 2013-14 for all agencies.

The Hon. I.F. EVANS: Outside of the cash alignment policy—the cash alignment policy was brought in by treasurer Foley, so prior to that, Treasury would have held some form of cash reserve. What I am asking is: what is Treasury's cash reserves outside of the cash alignment policy?

The Hon. J.W. WEATHERILL: I think the way it works is that each agency holds their own cash, rather than the DTF holding it centrally. SAFA then manage the cash with its own processes centrally, but really there is not a central cash reserve held by DTF for agencies; each agency is meant to hold sufficient working capital to meet their day-to-day needs.

The Hon. I.F. EVANS: Okay, so, that means Treasury must have some.

The Hon. J.W. WEATHERILL: Yes.

The Hon. I.F. EVANS: So other than the cash alignment policy amounts, what is the level of cash reserve within Treasury?

The Hon. J.W. WEATHERILL: \$10 million in 2013-14, and that is likely to continue in roughly that fashion over the forward estimates.

The Hon. I.F. EVANS: Is there a Treasurer's Instruction as to how much they try and keep?

The Hon. J.W. WEATHERILL: That is the cash alignment policy. I think that is the—

The Hon. I.F. EVANS: Yes, but this is \$10 million outside of the cash alignment policy.

The Hon. J.W. WEATHERILL: No, no; this is consistent with it. So, cash is held consistent with the cash alignment policy.

The Hon. I.F. EVANS: With the apartment stamp duty (Budget Paper 1, page 8), in the first 12 months of the scheme, how many concessions were granted?

The Hon. J.W. WEATHERILL: The apartment?

The Hon. I.F. EVANS: The city—there is a concession for apartments in the city.

The Hon. J.W. WEATHERILL: Year to date to May, the stamp duty concession is 43.

The Hon. I.F. EVANS: Sorry, 43—that's the number, is it?

The Hon. J.W. WEATHERILL: That is the number, yes. So, the money is \$634,150.

The Hon. I.F. EVANS: And that has been in place for how many months? I can't remember—was it announced in last year's budget or the mid-year budget review?

The Hon. J.W. WEATHERILL: It was the budget, so it is from August 2012 to May 2013.

The Hon. I.F. EVANS: What would be the cost to expand that scheme statewide? Has there been any modelling on that?

The Hon. J.W. WEATHERILL: First, one would have to take into account that the concession is expected to cost around \$12.7 million over the six years to 2017-18, so that is the existing prediction for the stamp duty concession. It is not the present policy of the government to extend it beyond the CBD.

The Hon. I.F. EVANS: And Treasury has not modelled it?

The Hon. J.W. WEATHERILL: No, I do not think we have any current numbers that provide for that.

The Hon. I.F. EVANS: Budget Paper 6, page 14 talks about ministerial budget savings—a reduction in ministers. There is \$16.8 million in savings over the 2012-13 to 2016-17 years. Is it possible to have a line-by-line breakdown of how the savings are calculated?

The Hon. J.W. WEATHERILL: Yes, we can provide more detail on how those savings are made.

The Hon. I.F. EVANS: Budget Paper 6, page 19 relates to fine enforcement—this is the Budget Measures Statement. The way I calculate these figures, it appears to me that we spend more money in expenses than we are going to collect in revenue between 2013-14 and 2016-17. Is that by design? If you add up the operating revenue and then take off the operating expense and the investing payments, you actually end up with it costing you more than you are going to collect.

The Hon. J.W. WEATHERILL: There are two elements to this. Obviously, there are some upfront expenses associated with this, which yield ongoing benefits in the future, but there is also some revenue which has been projected to be collected in this particular area and which is not contained in here because it already exists in the budget papers. Some of the expenditure here is about protecting existing revenue, which has been taken into account for the purpose of the budget, so the actual revenue to be collected is more than the incremental revenue which is estimated to be achieved.

The Hon. I.F. EVANS: But surely, Premier, the revenue figure has to be the extra revenue you are going to collect over and above what you are currently doing.

The Hon. J.W. WEATHERILL: And also protecting the revenue which has already been booked to the budget. If we have already assumed a certain level of revenue, if there is a risk to that being collected, then this expenditure also protects and consolidates that additional revenue.

The CHAIR: One final question.

The Hon. I.F. EVANS: I refer to Budget Paper 6, page 14, SA Water. There are about \$15 million or \$16 million worth of efficiencies over three years. What is SA Water doing to achieve those efficiencies?

The Hon. J.W. WEATHERILL: They have been directed to achieve those efficiencies. It will be a matter for them. Ultimately, that is a question that can be directed to them through their minister.

The Hon. I.F. EVANS: So the government has just picked a figure and said, 'Give me those efficiencies'?

The Hon. J.W. WEATHERILL: We believe these are efficiencies that are capable of being achieved by SA Water. We think there is good reason to believe that the operations there could be more efficient and we have sought to drive an efficiency there. Many other areas of government had efficiencies demanded of them over the last decade or so and we think it is appropriate that SA Water make a contribution.

The Hon. I.F. EVANS: I want to put on the record how disappointed we are that the federal Labor Party have organised a leadership spill on the night of Treasury estimates and taken all our media!

The CHAIR: I can understand your dilemma.

The Hon. I.F. EVANS: It is unbelievable. I cannot believe it. They will go to any length.

The CHAIR: I declare consideration of the proposed payments adjourned and referred to committee B.

At 18:01 the committee adjourned until Thursday 27 June 2013 at 09:30.