

**HOUSE OF ASSEMBLY**  
**Thursday 27 June 2013**  
**ESTIMATES COMMITTEE A**

**Chair:**

Hon. M.J. Wright

**Members:**

Hon. P.F. Conlon  
Ms Z.L. Bettison  
Ms V.A. Chapman  
Mr J.A.W. Gardner  
Ms R. Sanderson  
Ms M.G. Thompson

*The committee met at 9:30*

**COURTS ADMINISTRATION AUTHORITY, \$89,348,000**

**Witness:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Planning, Minister for Industrial Relations, Minister for Business Services and Consumers.

**Departmental Advisers:**

Chief Justice Chris Kourakis, Courts Administration Authority.

Mr G. Thompson, State Courts Administrator, Courts Administration Authority.

Mr S. Matters, Director, Corporate Services, Courts Administration Authority.

Mr T. Pearce, Manager, Finance, Courts Administration Authority.

Mr M. Church, Manager, Management Accounting Services, Courts Administration Authority.

**The CHAIR:** 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 27 September. 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. 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 and to introduce his advisers.

**The Hon. J.R. RAU:** Thank you very much, Mr Chairman. First of all, I will introduce those who will be assisting me in this part of the estimates committee. To my extreme left is Mr Gary Thompson; obviously to my immediate left is the Chief Justice; to my immediate right is Shaun Matters; and behind us is Trevor Pearce and Mick Church. Mr Matters, Mr Pearce, Mr Church and Mr Thompson are all officers of the Courts Administration Authority and are here to assist the Chief Justice and me in assisting the committee. Can I also say that, unless those to my left have a particular wish to do so, I will not be offended if you do not ask me questions. Of course, if you wish to, obviously I am very happy to do my best.

*The Hon. P.F. Conlon interjecting:*

**The Hon. J.R. RAU:** If you can reference that to a line in the budget, I would be very happy. That is the preliminaries out of the way, Mr Chairman. In terms of an opening statement, I just wanted to say a few things. First of all, the budget context in which we presently find ourselves, in all portfolios, is one where we are having to make economies. Those economies are, obviously, dictated by the requirements of the budget. All of us are taking those requirements very seriously and are working towards meeting them.

It would be ignoring the obvious reality to say that the Attorney-General's Department, the Courts Administration Authority, and any other entities appearing before these estimates committees, would, in a perfect world, prefer to have more available than we do. That is an obvious situation of any government. We are all operating cooperatively in relation to the circumstances in which we find ourselves, which is that we are all doing our best to get the best value for the taxpayers' money out of each and every department and agency of government.

In relation to the Courts Administration Authority, it is probably helpful to explain that the government structure for the Courts Administration Authority is slightly different to other government departments and other agencies that would be appearing before these committees. Other agencies within the Attorney-General's Department report through the Chief Executive of the Attorney-General's Department, then to me. So there is a direct line of authority between the Chief Executive down through the department.

The Courts Administration Authority, by reason of statutory provision, is a completely independent body and it is not answerable internally to me or, indeed, to the Chief Executive of the Attorney-General's Department. It is self-managing and so there is some difference in terms of the process that would apply in the case of the Courts Administration Authority.

The other thing I would like to say is that in relation to the period leading up to this budget, there have been very constructive discussions, in particular between the Chief Justice and myself, about matters of mutual interest and concern. I think the issues are, as I have made clear in my earlier remarks, that both of us would obviously prefer to be in a position where we had more rather than less, but the fact is we accept the rigours of the budget process and are working in relation to that.

I wanted to outline a couple of issues here and perhaps dispel—before it becomes an issue—a perception that somebody suggested to me today arising out of an article in the newspaper. There is no suggestion on my part that there is any mala fides or inappropriate sense of putting priorities forward as far as the Courts Administration Authority is concerned. The situation is that there are really four areas that I, as Attorney, have to continue to have active conversation with the Chief Justice and the Courts Administration Authority about.

Those four areas are as follows. First of all, there are priorities, and I mean priorities in the general sense within the court system. Second, practices within the court system, and by that I mean things from basic rules of court right through to other matters that might be described more as cultural rather than the expression of a particular rule or statutory provision.

Then there are procedures—again, a matter which is very important from the point of view of the efficient and effective disposition of matters in the courts. And programs, by which I mean the various items of expenditure which might sit within the Courts Administration Budget and which might be the subject of expenditures, and questions as to how those particular programs fit within the broader question of priorities for the Courts Administration Authority, given that their primary function—and I am sure there is unanimous agreement on this point in all quarters—is to deliver a

very important service to the South Australian community, namely providing people with an efficient, fair and effective justice system whether they are in the civil or criminal jurisdiction.

So, this is a work in progress. It is something which I am very interested in. I also should say that the Chief Justice and I have been having conversations of recent times about delving more directly into practice and procedure reform. The Chief Justice has been convening a group which has been looking at that work, and I am very keen to be as involved as I can be to provide assistance and support for that group.

I have had conversations with the Law Society of SA and the South Australian Bar Association and told them precisely the same thing, and encouraged them to become active in the process because, basically, if the legal profession itself is not part of the solution to some of the problems in the accessibility to justice space, they will become not relevant in that conversation, and that would not be to anybody's advantage.

In particular about this budget, I think this budget has delivered a number of very significant and important steps forward for the Courts Administration Authority and the justice system in South Australia, and I am particularly pleased in respect of a few of those matters. First of all, the additional funding that has been provided within this framework for the provision of work to be done on improving the efficiency within the courts.

That is something that I have a great interest in, and the Chief Justice and I have spoken on a number of occasions about the importance of improving efficiency within the courts, and issues relating to the hardware and so forth that is available to the courts in order to discharge their functions and a whole range of issues. Indeed, before the present Chief Justice, the former chief justice John Doyle spoke on many occasions about those matters.

The second thing about which I am particularly pleased is that there is provision in the budget for the establishment of a South Australian Civil and Administrative Tribunal. I think that is a very important initiative, and one which I think, in the fullness of time, the people of South Australia will come to regard as a great asset to the justice system and one which will, once established, relieve some of the present workload from various of the established courts.

Finally, of course, there is the provision for the next stage in the development of the absolutely necessary creation of a new court building and precinct in that Victoria Square space. There is provision in the budget to enable to take that from its present stage where there has been, courtesy of the last budget, some scoping work done by the Courts Administration Authority. We are moving that forward now past the feasibility and towards the stage of being able to select a partner with whom the government can undertake that project, and that is something that is specifically provided for in the budget. I think that is probably more than enough from me. I do not think I need to add anything further.

**The CHAIR:** Does the shadow minister have any opening remarks?

**Ms CHAPMAN:** Yes, I do, only briefly to say that I appreciate the opportunity to be a member of this committee. I note the reassurance of the Attorney that it appears that, notwithstanding current media reports, he has not threatened to amend or dismantle the courts authority and replace the Chief Justice with a bureaucrat. That is comforting to know, particularly as former attorney-general and chief justice Len King was the architect of the importance of having an independent judicially headed courts authority for the obvious reasons of separation of powers, so I am pleased to have that reassurance. Otherwise, we will address issues in the budget.

**The CHAIR:** Okay, questions.

**Ms CHAPMAN:** I will proceed with Budget Paper 4, Volume 1, page 157 and also Budget Paper 6, page 30-31, which contains the budget measures. I ask the Attorney in respect of the recurrent funding measures and in noting that the Courts Administration Authority report for 2010-11 annual report at page 4 shows then chief justice Doyle as stating:

I believe that the Council has demonstrated to the Government, in the course of the work of the Sustainable Budget Commission, that there is no room for cuts without adverse effects on services.

I think it was similarly reported again in the 2011-12 annual report, yet the recurrent funding to the courts is scheduled to climb by about 8 per cent in real terms over the forward estimates.

Given the public statements in respect of identified cuts which have already been out in the media—non-replacement of judges, closure of the Sturt Street court, efficiencies and changes in relation to juries—I ask whether the Attorney has indeed called for the raw budget data for him to double check in respect of what the alleged priorities should be in respect of the cuts.

**The Hon. J.R. RAU:** I have not had a chance to talk to the Chief Justice about that matter as yet.

**Ms CHAPMAN:** Is it the Attorney's intention to peruse that raw data?

**The Hon. J.R. RAU:** It is my intention to speak to the Chief Justice in our normal environment which is not this environment about those matters.

**Ms CHAPMAN:** In the event that you identify, Attorney, that the raw budget data does not support a non-replacement of judges, is it your intention to progress that and, in fact, to appoint the judges' vacancies? To the best of my knowledge, that is to be shortly two in the Supreme Court, two in the District Court and, according to the Law Society President, one in the Magistrates Court.

**The Hon. J.R. RAU:** In respect of that, I probably should explain the process that has gone by and I will invite the Chief Justice to supplement my remarks with any thoughts he might wish to add. In the budget process, as I explained, neither the Chief Justice, the Courts Administration Authority nor I would seek out a circumstance where we were having to deal with budget efficiencies, but this is a reality which applies across government. It is not a perfect situation; it is an awkward situation. It is one that requires a lot of work but, that said, the process has been managed as one would expect from the courts' side within the Courts Administration Authority and the Council of the Courts Administration Authority.

They have, through the Chief Justice and Mr Thompson, regularly met with me and provided me with updates of general progress with those matters. I think it is fair to say that it was made clear that, if the Courts Administration Authority were to be able to meet the targets which had been imposed by the parameters of the budget, it was necessary for some reappointments to be placed on the pause button, if I can put it that way, until such time as the budget permitted those appointments to proceed.

I do not regard that this as a permanent stay of appointment of judicial officers, and I am sure the court does not. What we are facing, though, is a circumstance where—and I am paraphrasing here: these are not the words of the Courts Administration Authority—if I were to, in the face of their advice that without there being a non-replacement, at least for the time being, of certain judicial officers, they would find the task of meeting their budget targets impossible, go ahead nevertheless and appoint people in the teeth of that advice, I would be, first, disrespecting the genuine attempts the Courts Administration Authority has made to find savings and, secondly, I would be making it inevitable that they would have budget difficulties of which I would be the author and not assisting them.

The situation is that, for the time being, and until the budgetary situation changes, it is my view that, in order to assist the Courts Administration Authority in meeting their targets (given that the only thing I can do which has any impact on them directly is not appoint somebody—or, to put it another way, if I do appoint somebody into a vacancy that will have an impact on them adversely), I have decided that I will, for the time being, not aggravate the budget situation in the Courts Administration Authority by appointing people in the face of their clear advice to me that to do so would make their job extremely difficult.

There is a completely separate debate about whether the non-appointment of one or more judicial officers will have any impact and, if so, what impact, on the provision of services. That is quite a separate question on which I could spend some time and, if you want me to, feel free to ask me about that, in particular. Perhaps I will hand over to the Chief Justice if he wishes to supplement those remarks at all.

**Chief Justice KOURAKIS:** If I could go back a little to the act to explain the statutory context in which all of this occurs, the council comprises the Chief Judge of the District Court, the Chief Magistrate and me—effectively, the heads of the jurisdiction which constitute the judicial arm of government. Section 10 charges us with the responsibility of providing to the courts the services necessary to discharge their functions. Section 25 of the Courts Administration Act gives us the responsibility of drawing a budget that will allow us to meet those needs, having notice of the difficult financial situation which the government faces, and that is acknowledged.

In the middle of last year, the council embarked on an extensive exercise of reviewing all its services. We consulted a former senior Treasury official and effectively reviewed all of our expenditure. We provided the government with a budget submission in October of last year in which we, in fact, sought the reversal of earlier cuts so that we might meet what we saw as our statutory responsibility.

We did advise the government that if the budget cuts that had been announced were imposed certain measures would have to be taken to meet those cuts. Pursuant to section 25, the Attorney can modify any budget we propose—we adverted to that in our submission—and the form of modified budget that the Attorney would have to impose to meet the cuts we described as Modified Budget 2. We opposed that, naturally enough. It is for the Attorney and the government, though, to determine its fiscal priorities.

In that submission, there is extensive discussion of our services and the effects of reductions in one area or another—prioritisation, if you like. There is much that can be discussed around that. The government has a very important part in those discussions. The announcements we have made so far will constantly be reviewed; other matters will be considered. We still have \$3.5 million or so of cuts to achieve in the next couple of years so, around the information and papers we provided last year, there is much room for the discussion about the raw data or the material that the honourable member referred to in her question.

**Ms CHAPMAN:** Attorney, I have heard the extensive development of the submissions from the CCA, indeed headed by a committee chaired by the Chief Justice, and the submissions presented and modifications made to actually come to this position, and your statement that you appreciate that it would be impossible for the agency to meet its fiscal targets imposed by your government. I hear you saying that you will therefore, for the moment, not show any disrespect to their proposal and you will accept that position. Indeed, I think I am hearing from you that you will continue to work with the Chief Justice to try to look at other opportunities as you progress.

This raises the question that, if you do not want to show disrespect and you accept for the moment their submission to you and what is now published in the budget with various cuts, and the decisions that have been made as to what is most effective, including the non-replacement of judges, why is it necessary for you to call for the data to be examined in some way? Don't you trust what you have been presented? What is the position there?

**The Hon. J.R. RAU:** I thank the honourable member for her question. In relation to this, can I perhaps just explain a little. As the Chief Justice has just mentioned, the Courts Administration Authority, within its own council, goes through a process whereby it formulates a budget proposal. I am not party to that process. I have been regularly and courteously advised by the Chief Justice and by Mr Thompson about general progress in that arena. We certainly meet on a regular basis and, where budget issues are topical, they are always discussed.

I think it is important for the honourable member to understand that that process is fundamentally different from the process that would occur if I was dealing, for example, with the Attorney-General's Department. When I am dealing with the Attorney-General's Department, what would happen is the chief executive of the Attorney-General's Department would come to me in the context of a budget round and say, 'Here are all the programs we have. Do you want us to break any of these down further? Do you have issues about any particular elements you are seeing here? Do you want more information about this or that one?' or whatever.

That conversation goes on within the Attorney-General's Department. The chief executive and those who assist the chief executive then do work in relation to particular matters that might be of interest to me, being the Attorney of the day. I am, in that sense, involved at a much lower level, if you like, of the budget process within the Attorney-General's Department. The first thing the honourable member needs to understand is that I am not involved in that way with the Courts Administration Authority. The second thing is that, in respect of the proposals that have been put forward, I mentioned before that, because I am not involved in that process, I see the product of that process, I am not in that process. I am not complaining about that but just saying that it is a fact.

I mentioned before (and there is nothing disrespectful about any of these observations—certainly not intended to be) that there is a legitimate and entirely reasonable possibility that, between the Courts Administration Council, which after all I think in terms of its governance is not something that is an autocracy run by the Chief Justice but more of a collaborative consensus-type model, that that consensus within the Courts Administration Authority may, quite legitimately, come up with different priorities from me, had I been doing the job. That is not disrespectful of them, and I am not saying they are right or wrong but rather just that they might be different. They might have different views about core practices than do I; they might have different views about court procedures and they might have different views about the value of particular programs.

As the Chief Justice has mentioned, there is a continuing budget requirement sitting on the Courts Administration Authority, and I intend to continue to have dialogue with the Chief Justice

with a view to ascertaining whether there are other elements where there is a difference between the current view of the Courts Administration Authority about a priority or about the value of a particular program to the public, so that we cannot see whether we can find some way to deliver both the budget savings that are required with minimal adverse impact on the public.

**Ms CHAPMAN:** So, rather than calling for the data to examine whether the courts' submission to you is the best model to deal with the two pressures—providing services, which is a legal requirement, and complying with your government's efficiency measures—why do you not just list what you think the priorities should be in that process?

**The Hon. J.R. RAU:** Again that is a fair enough question, I suppose. The difficulty is that I am not exactly sure, without actually going through that process that I explained before that I do go through with the Attorney-General's Department, what the full menu might be. Again that is not a criticism of the Courts Administration Authority, that is the way things are and the way it is set up. I have to keep talking to the authority, in particular through the Chief Justice and Mr Thompson, to make sure every stone that can be turned over is turned over.

To speak in a fashion without identifying any programs, because I am not in a position to do that, if there were a program, for argument's sake, that was delivering a very important service to the community and had been evaluated as such, and if there were another program that was delivering a service which also had been evaluated and found to be of lesser value, then the Chief Justice and I should be having a conversation about whether in those circumstances the second of those programs had as much merit, and therefore had as much call on the resources of the authority, as the first. That is I think the simplest way I can explain what I am talking about.

**Chief Justice KOURAKIS:** Both the Attorney and the honourable member have referred to the statutory independence of the authority, and there can be no question that that can be compromised, but in my view that does not preclude discussions of the sort to which the Attorney has referred, and we are more than happy to engage in them. To perhaps follow on from the example the Attorney gave, governments from time to time fund agencies, including the Courts Administration Authority, if funds are available and if there is a particular program that the government at that time thinks is of importance.

But governments' priorities change and financial situations change. If the government was to inform the authority that money that had been allocated for one purpose or one program was now the subject of some change in policy, that is a matter that the authority would consider but it would make its own independent decision about that. As to the provision of the information, there is no difficulty with that, and the Attorney has referred to the discussions which we often have.

I might also mention, though, that our officers speak regularly with Treasury officials and explain in quite some detail the expenditure of the authority, and indeed the authority was subject to the review by Treasury in June 2010. I just want to make it clear that I do not regard our statutory independence as being any bar to full disclosure. It is a responsibility I think we have because we receive public funds.

**Ms CHAPMAN:** Thank you for the contribution, Chief Justice. Again, it seems that notwithstanding what seems to be a media dust-up over whether the replacement of judges was really just a political stunt or whether it was in fact a genuine proposal, what I am hearing from both parties, I suppose, to further the matter is that both are keen and willing to fully disclose material, plus continue cordial and constructive discussions.

All of that is very pleasing, especially given the current media attention to this matter and your assurance, Attorney, but as I understand it, in respect of the nonreplacement of judges, you, Attorney, I think, have an understanding that the nonreplacement of judges may well assist in reaching the fiscal targets obliged, but will inevitably have a consequential effect on the delay of the delivery of justice for all the reasons of which I think you are well aware.

I hear what you are saying, that the fiscal targets would be impossible to deal with otherwise and that for the moment you are accepting it. You are not seeing it as a bar forever, never to make these replacements, but it seems in the foreseeable future, in the estimates there is no budget for these replacements, so for the next four years we are not looking at any replacement.

Also, it is one which, I think you would agree, is a significant factor in the provision of services of the court, and whilst this is a process that is a little unusual and different to your other structures, you still have the final say. The buck stops with you as Attorney, as to whether you accept that that is the measure that even for the moment should be considered. So my question to

you is, in respect of that, have you considered or had any work done as to the direct consequences of nonreplacement of the judicial appointments?

**The Hon. J.R. RAU:** Yes. That is a good question. The honourable member used the terminology 'inevitable consequence' at one point in those remarks, and I would caution against the use of the word 'inevitable'. There is no doubt that if you assume exactly the same amount of work coming through the door and no change in the behaviour once the work comes through the door, then a reduction in the number of workers will slow the process. In as far as you can generalise from something, that is a fair generalisation. However, there are a number of assumptions underpinning that which I think need to be considered.

The first assumption is that there is going to be the same amount of work coming through the door. On that point, can I say that a couple of measures the government has put in place will have impact on how much work comes through the door, at least how long it stays in there once it comes through the door. Can I point to a couple of examples? The first one is our legislation in respect of guilty pleas. There is no doubt that the guilty pleas legislation does not stop a matter coming through the door in the sense of a person being charged with an offence. However, it does offer the prospect of there being a significantly different trajectory of that matter once it has entered the system.

It might be the matter is disposed of at a first committal date rather than the matter sitting there in the court system, clogging the courts up and ultimately resulting in a judge being ready to go on a trial day, the morning of which they are advised the matter is resolved by way of a plea. There is anecdotal evidence at the present time—and the Chief Justice may or may not wish to comment on this—to the effect that that is starting to have some impact.

The second point I would make is about the changes in jurisdictional limits which have been achieved. Some, I must confess, are changes that I think went too far, that is the raising of the small claims threshold from \$6,000 to \$25,000. I thought that was too much in one jump. That was a matter moved, I believe, by the member for Norwood, as he then was, and ultimately supported by the parliament. I had the choice of either letting my bill lapse forever in another place or accept that and ultimately I chose to accept it. But, nevertheless, that change and the change in the maximum jurisdictional limit of the Magistrate's Court, and so forth, are going to materially affect the number of matters coming through the door, certainly in the higher courts.

Also, if you have a look at the RoGS data, it suggests that there is no growth in the overall dispositions or lodgements. It blips up and down, but if you look at the graphics on it you will see that it is more or less stable. They are just two things from a statutory point of view. The third thing is that if the courts manage to improve the efficiency in the way in which they dispose of a matter that also dramatically changes how much court time is occupied, thereby freeing up additional time of people in the system to be allocated to other matters.

The point I am trying to make is that statutory change of the type to which I have just referred—which I am keen to continue working on with the courts—and very importantly, changes in the culture of the legal profession, the culture of the courts, practices and procedures of the courts, have the capability of delivering significant efficiency dividends for the system, and a leaner system with greater efficiency is capable of processing the same amount of material with fewer personnel.

I do not accept the axiom that it is inevitable that if there is one fewer judge here or there the system will start to grind to a halt. All that I would accept is, in a generalisation, if you change nothing else, that probably over time would tend to be the outcome. That is as far as you can go with that proposition, and I do not accept that we are incapable or unwilling to accept what goes on inside that system, and I would be very surprised if the Chief Justice had a different view about that.

The other thing I would like to say is that we have to accept that the cost of justice to ordinary people in South Australia is becoming prohibitive and, again, we all have to work together to try and do something about that because ordinary citizens cannot be in a position where it is just too expensive for them to have their rights determined by a judicial body.

There is one further matter that I will raise—and I will put it on the record now even though it has not been asked—in terms of lodgements. I think there is going to be a blip in the statistics concerning lodgements which is going to be a blip which the honourable member for Bragg, in particular, would understand. This is based on lawyers all over Adelaide going into their filing cabinets, looking at the date 30 June, considering the impact of a change in jurisdictional limit on

30 June and deciding whether they want to have their matters assessed against one cost scale or another and my hunch is that—

**Ms CHAPMAN:** You are saying it is a hunch. I think it is going around the profession already.

**The Hon. J.R. RAU:** Yes. So I just wanted to get that one on the record, that if somebody wants to come back to me in a few months' time and say, 'Look at that blip, look at that blip. You're telling fibs to the estimates committees,' I want it on the record right now that I am predicting a blip, but that blip is going to be a bringing forward of matters and it will be followed by a trough. I do not think it is going to affect the average of lodgements and dispositions, but I would invite the Chief Justice to remark on anything about that that he wishes.

**Chief Justice KOURAKIS:** Just on the question of the blip, there almost certainly will be. It should not be assumed, though, that those matters will remain in the jurisdiction in which they are issued, either, so it might spread out. On the question of the guilty plea legislation, there is anecdotal information that there are more early guilty pleas. I have heard that from the Chief Magistrate, and that is pleasing. There is no doubt that the judges of the courts see it as their responsibility to change work practices to try to meet the reduction in numbers and that is an ongoing, constant process.

I suspect that some of the judges in my court and staff that I work with are already wearied by my constant questions and suggestions about different ways of doing things. It is in the nature of the judiciary and the courts that it takes time to get things through. We are going to have to try to work much more quickly than we are used to, but I agree with the Attorney-General that, if things are done differently, it might save some of the backlogs that one would otherwise assume would grow.

**Ms CHAPMAN:** Hopefully, with these legal practice and procedure reforms, those predictions will come to fruition, even if the demand remains. In relation to other efficiencies, can I ask firstly what level of saving is being made by relinquishing the lease on the Sturt Street courts?

**The Hon. J.R. RAU:** I stand to be corrected by the Chief Justice or Mr Thompson, but I think the situation in respect of Sturt Street position is 540.

**Ms CHAPMAN:** Is that \$540,000 a year?

**The Hon. J.R. RAU:** Yes, but to be entirely informative, as the Premier has already indicated a week or so ago on a radio program, it is contemplated that, whilst the Courts Administration Authority will no longer be paying that, and in their column it is a saving, it is actually budgeted for but under the heading, I think, of the civil and admin tribunal, which also appears in the budget. That would be a matter for the Attorney-General's Department estimates, but I am just giving that to you.

**Ms CHAPMAN:** I understand that the 540 a year is what it was costing, but had that actually already been provided in the forward estimates, or had it already been proposed to expire at a certain date in any event as not being renewed?

**Chief Justice KOURAKIS:** I am not sure about the last bit, but can I just make this point: the full 540 will not be found as an expenditure item in the SACAT because that includes not just the lease but some of our costs. The lease cost is 430,000; that will be transferred across. The Sturt Street lease was only going to run for one more year after this year in any event.

**Ms CHAPMAN:** Yes, so it was only budgeted for in the 2014-15 year, not all the forward estimates, as I think the Attorney was just suggesting.

**Chief Justice KOURAKIS:** It was only going to run its term. There was a renewal option: how that was dealt with, I do not know.

**Ms CHAPMAN:** But to the best of your understanding, Attorney, that was not budgeted for after that extra year in the forward estimates? That is all I am asking.

**The Hon. J.R. RAU:** Well, it is not now—

**Ms CHAPMAN:** I know it has been cancelled now, but—

**The Hon. J.R. RAU:** —but whether or not—

**Ms CHAPMAN:** —last year when we were here, was it in the forward estimates for the next four years?



**The Hon. J.R. RAU:** I am advised that it would have been budgeted for, because there would have been the assumption that the renewal of the lease would have occurred.

**Ms CHAPMAN:** Thank you. On other initiatives, how much saving will there be in the reduction of the superior courts travelling to the regions?

**The Hon. J.R. RAU:** I am advised that the total savings identified run to \$374,000 for the supreme, district and magistrates courts.

**Ms CHAPMAN:** Mr Chairman, look—

**The Hon. J.R. RAU:** To break that down—we've got Dr Beeper over here.

**Ms CHAPMAN:** Attorney, if I could interrupt for one moment and go back to the chairman. If members of the committee want to attend to other matters—we all know that you can charge for phone calls these days—and if a member of the committee wants to do other phone calls in here, could he do them quietly or go out, because I am having difficulty hearing the Attorney-General?

**The Hon. P.F. CONLON:** I am having no difficulty hearing you. I will speak more quietly for you, okay? Can I just put on the record the outrageous hypocrisy of my friend opposite. I am doing nothing associated with any work. I don't own a chambers. I haven't gone out and said that I don't work and then admitted that I do. Can I just make it clear that I have been doing nothing of the kind and it is an outrageous and hypocritical slur.

**The CHAIR:** Okay. We will continue on in silence.

**Ms CHAPMAN:** You protest too much. Let's go back to the Attorney-General, who I want to hear.

**The Hon. P.F. CONLON:** The notion that I protest too much—the member is suggesting that I am not telling the truth and I would ask her to withdraw that.

**The CHAIR:** I would ask the member to withdraw that.

**Ms CHAPMAN:** Well, I don't agree with that.

**The CHAIR:** That doesn't necessarily matter.

**The Hon. P.F. CONLON:** If the member wishes to say that I'm not telling the truth she needs to do it by a substantial motion or withdraw.

**The CHAIR:** I ask the member to withdraw.

**Ms CHAPMAN:** I would ask you to ask the member to refrain from making phone calls during the course of the committee so that we can hear the Attorney-General and the Chief Justice. That is all I am asking.

**The CHAIR:** I have already done that, but the member has asked for you to withdraw and I also ask you to withdraw.

**Ms CHAPMAN:** On the basis that the member does agree to go outside to make his phone calls, if he is going to interrupt, I am very happy to do that—withdraw.

**The Hon. P.F. CONLON:** The member has suggested that I have been working and charging for it on a phone and then suggested that I wasn't telling the truth when I said that I wasn't. I can tell you that if the member wants to make those slurs, feel free, but if she wants to say that I am not telling the truth she must either do it by substantial motion or withdraw and not withdraw on her conditions.

**The CHAIR:** Okay. She has withdrawn and I accept the withdrawal. Attorney, you have the call.

*An honourable member interjecting:*

**The CHAIR:** Attorney, you have the call.

**The Hon. P.F. CONLON:** I'm going to follow the standing orders.

**The CHAIR:** Thank you. Let's return to the Attorney.

**The Hon. J.R. RAU:** Thank you, Mr Chair. Just to provide a little bit more detail in respect of that last answer, I am advised that the savings for the Supreme and District Courts run to \$240,000 and the savings for the Magistrates Court run to \$134,000 which gives us a total of \$374,000.

**Ms CHAPMAN:** And that is in the forward estimates each year.

**The Hon. J.R. RAU:** That is for 2013-14. I am not sure how we look at that in the following years. I assume it would be a similar treatment.

**Ms CHAPMAN:** So at the moment it is identified as a saving throughout the forward estimates and I assume, therefore, the circuits to Mount Gambier and Port Augusta of the Supreme Court, on that basis, are not proposed to be resumed at least in the next four years.

**The Hon. J.R. RAU:** I am not sure. I will ask to be assisted by those next to me, but I think this is where we get into difficulty when we are talking about the Courts Administration Authority. To say that this particular element is embedded in the forward estimates is quite different from saying this saving is embedded in the forward estimates. What we do know is that in order to meet the budget savings required of the Courts Administration Authority in the year 2013-14, they have made a decision that they will find 374,000 of the dollars they need to find by means of this particular method.

They will continue to have to find budget savings, including \$374,000 in the out years, but it may or may not be that they continue to find it by this methodology. It may or may not be that in further conversations with the Chief Justice and Mr Thompson they advise me that they have found another way, by identifying other savings, and it might be the case that, in that event, they are able to modify or in some way change this particular matter in other years.

**Ms CHAPMAN:** I hear what you are saying. Essentially, even the non-appointment of judges is really all the savings that are identified for this year. The savings are there in the future, but they are not necessarily allocated to specific projects. Is that what I am hearing? I see the Chief Justice is nodding, so I assume that is the case.

**Chief Justice KOURAKIS:** Could I just add to that. It is not just prioritising matters that leads to a particular reduction in one year. We have to take into account what we can do to achieve it given the limited time frame. It may be that with more time other measures can be taken which allow it to be restored. One of the—I hate to use the word 'advantages'—matters that we consider in deciding, for example, to reduce circuits, is that they can be easily geared back up if money is found elsewhere, whereas dismantling other programs might make it much more difficult.

**Ms CHAPMAN:** Is there any proposed closure of any regional courts, either permanently or temporarily?

**Chief Justice KOURAKIS:** That really comes to me. There is no planned closure of any court, regional or rural, in this year. We are in the process of trying to identify ways in which we can achieve the budget reductions for the following years, which are substantial.

**Ms CHAPMAN:** Have any courts been identified as being in that category?

**Chief Justice KOURAKIS:** Discussions we had leading up to the budget submission we presented in October last year included discussions of those sorts. We are particularly concerned about our discussion in the raising of these matters, which is why I am not being very explicit, because it naturally causes a lot of concern to staff who might work in the different courts.

**Ms CHAPMAN:** So, they are under consideration but you do not want to identify them publicly just in case it upsets the staff who might be working at them?

**Chief Justice KOURAKIS:** Yes.

**Ms CHAPMAN:** Without identifying them, are we talking about one, two or three courts?

**Chief Justice KOURAKIS:** There has been a mixture. Some courts are larger than others. It might be a mix of courts; it might be one court. It depends on a number of considerations. Another matter that now may affect which courts and locations are considered is the movement of Fine Payments Unit workers from the courts to the specific unit which has now been established.

**The Hon. J.R. RAU:** Can I add to that, too. At the risk of being repetitive, if the Courts Administration Authority were able, in the next six or 12 months, to identify a substantial amount of money that could be diverted from an existing expenditure, that substantial amount of money might well mean that any conversation about future closures of courts by reason of budget settings is delayed indefinitely. It might well mean that the court was in a position to be able to advise me that they felt that their budget could stand the appointment of one or more additional judicial officers.

I just need to emphasise again that because the authority has chosen to cut its cloth in this particular way this year does not necessarily mean that in the following year or years exactly the

same formula will be applied. Obviously, I acknowledge and understand the Chief Justice's point that, if we are talking here about decommissioning something that is difficult to re-create, clearly the turnaround time and the amount of thought that would go into the initial decommissioning is a lot more complicated than the example he gave about a circuit, which could be relatively easily reinstated.

**Ms CHAPMAN:** Will the Courts Administration Authority be responsible for administering the South Australian Civil and Administrative Appeals Tribunal?

**The Hon. J.R. RAU:** No.

**Ms CHAPMAN:** Where is it going to be operating from?

**The Hon. J.R. RAU:** I believe the current thinking is that it is probably going to sit under the chief executive of the Attorney-General's Department.

**Ms CHAPMAN:** Physically where?

**The Hon. J.R. RAU:** I think that it might be appropriate to leave that question until the Attorney-General's line. I do not know off the top of my head what the answer to that is, and those who might assist me with that answer are not sitting next to me.

**Ms CHAPMAN:** Okay.

**The CHAIR:** Any more questions on this section?

**Ms CHAPMAN:** Yes, I do have a number, but I will quickly identify if I have a chance for only one other question at this point. Can I ask what involvement the CAA has had in the process of the scoping study for the courts precinct?

**The Hon. J.R. RAU:** Yes. Again, I will ask the Chief Justice and perhaps Mr Thompson to comment further if they wish. As you might recall, last year there was in the budget an allocation of, I think, some \$500,000 for the purpose of the scoping study. Members would need to understand that it is all very well to say 'We want to build a court', but it is very important that the court meets the requirements of the judiciary and the court system, and does not get created in some sort of vacuum. My understanding is that the Chief Justice has been involved with Mr Thompson in discussions within the judiciary about what sort of requirements they might have.

As the honourable member would be aware, for reasons associated with the functioning of a court, they are a little bit more complex than simply office buildings; for example, criminal courts require places where an accused person can be securely held, both in the court and in the precincts of the court if they are awaiting the commencement of a trial. There are also questions about security for judicial officers; you do not expect judges and accused people to be jumping in the same lift to go up to the court.

There is a whole bunch of complexities around the design of the court. Those matters are absolutely critical in making sure that the product we ultimately get out of this process is a product which is going to deliver the efficiencies and improvements that the courts and I strongly hope and intend that this project will. But, I ask—

**Ms CHAPMAN:** Attorney, on that aspect, does the CAA have a view about whether, in the new court's (hopefully) purpose-built facility—which the former chief justice has of course been very involved in developing the concepts of—the new precinct should include the DPP and Crown Solicitor's Office, or whether that should remain independent of the court's structure?

**Chief Justice KOURAKIS:** I am not sure whether by 'precinct' you mean the same building, or—

**Ms CHAPMAN:** The same building, yes.

**Chief Justice KOURAKIS:** With the same building, there would be issues about co-location, but within the same precinct it would not be an issue which the Court Administration Authority would have. How the different buildings might tie in is an architectural one; there are things that can be done about entrances and locations, so I don't want to be definitive about the interaction between the buildings, but courts should stand alone.

**Ms CHAPMAN:** Again, in relation to the CAA, I suppose we can assume for the moment that there is still land at least owned by the people of South Australia at the back of the old Supreme Court building as a site that was exchanged under a formal federal and state attorneys arrangement for the development of the Federal Courts building, and that that is still available as

an opportunity site. Does the CAA have a view as to whether the sale of the current Supreme Court's Sir Samuel Way Building and/or the Magistrates Court should or could be sold?

**Chief Justice KOURAKIS:** It is not contemplated that the Magistrates Court will be part of the new precinct; it is envisaged that it will remain where it is. Questions of some form of connection, perhaps under King William Street between the buildings for prisoner and judicial movements, have been considered. But, on the question of the sale, that is not a matter that affects the authority.

**The Hon. J.R. RAU:** Can I also just explain that in the case of the Samuel Way Building, that building is not technically owned by the Courts Administration Authority; it is actually owned by another agency, and the building is leased from that body. So, there is no—

**Ms CHAPMAN:** Who owns it?

**The Hon. J.R. RAU:** Funds SA.

**Ms CHAPMAN:** Okay; so, government.

**The Hon. J.R. RAU:** Yes, but—

**Ms CHAPMAN:** The Premier owns it.

**Chief Justice KOURAKIS:** On trust.

**Ms CHAPMAN:** Thankfully. At least he can't mortgage it.

**The Hon. J.R. RAU:** —the Chief Justice and his council are tenants; they are not landlords.

**Ms CHAPMAN:** I think time has expired—

**The CHAIR:** It has, yes.

**Ms CHAPMAN:** —more's the pity, but it has been most helpful. Thank you very much to members of the panel.

**The CHAIR:** There being no further questions to the Attorney, I declare the examination of the proposed payments concluded.

#### **ATTORNEY-GENERAL'S DEPARTMENT, \$85,898,000**

#### **ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$107,276,000**

#### **Witness:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Planning, Minister for Industrial Relations, Minister for Business Services and Consumers.

#### **Departmental Advisers:**

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

Mr R. Perse, Chief Executive, Attorney-General's Department.

Ms C. Meador, Deputy Chief Executive, Attorney-General's Department.

Mr D. Romeo, Chief of Staff.

Mr T. Anastasiou, Manager, Finance and Business Services, Attorney-General's Department.

Ms T. Brooks, Principal Accountant, Treasury and Parliamentary Reporting, Attorney-General's Department.

**The CHAIR:** I declare the proposed payments open for examination and I invite the Attorney to make an opening statement if he wishes.

**The Hon. J.R. RAU:** The Attorney-General's Department, like all government departments, has been required to make savings. Obviously this is something that we take

seriously and obviously it is a matter that is not without its challenges, but we are doing our best to meet those challenges. No doubt, one or more members here today might have some questions about those.

I just wanted to talk about some of the things about which I am particularly pleased in respect of the Attorney-General's Department which arise in this budget. The first one is the South Australian Civil Administrative Tribunal. This is something for which I have had considerable enthusiasm since I was appointed to the position of Attorney-General, and I am absolutely delighted that in this budget this very important project is now going to become a reality.

The budget contains some \$6.4 million over four years. The aim is for the SACAT to become the primary venue for the review of statutory decisions made by state and local government agencies and officials, and replace the decision-making responsibility which is currently shared by various ministers, commissions, courts, boards and other tribunals. The experience in other jurisdictions where such a tribunal has been introduced is that it has been very much welcomed by the community.

It provides a one-stop shop, in effect, for administrative review. It is something which, in other states, has demonstrated itself to be relatively low cost, with low documentary requirements and low procedural requirements, accessible, comprehensible and ultimately highly regarded. Any members who have an interest in this could usefully inquire of their colleagues in Western Australia about the equivalent body there and how well that has been received.

The other thing is that for the fines enforcement and recovery unit—legislation is currently I think in the other place in respect of that matter—there is an \$8 million allocation over four years to establish this unit. The purpose of the unit is to abolish the present court-based system of fines enforcement and to locate responsibility for fines recovery in executive government. Can I make the point that fines enforcement was never and has never been the core business for the courts in South Australia.

They have done a good job of managing what has been an additional responsibility that has been given to them for many years, but the government came to the view, and I think quite rightly, that the courts are very busy doing what the courts need to do, which is the administration of justice, and the recovery of fines was not core business for the courts, as distinct from perhaps the imposition of a fine for a person who has done the wrong thing. That is an entirely separate matter and they will obviously continue to do that.

The new law will remove some of the current statutory obstacles to the recovery of fines and will add new payment and collection options. I am not sure to what extent I can or should go into that, given that matter is now a bill before the house. I do not think I should get into too much more detail about that.

Regarding ICAC, we have \$10.3 million over five years to assist with funding. This will go towards providing a dedicated complaints management system and give ICAC the capacity to undertake fairly complex investigations. This is in addition to the \$32 million in funding previously announced for the ICAC.

On the courts precinct, which we have referred to briefly before, there is \$2 million in the 2013-14 calendar year. This funding will enable concept planning to be undertaken as a first step towards the development and realisation of a commercial agreement to provide for a modern justice system, which will be located I think, as members would be aware, in the precinct currently occupied by the Supreme Court.

Finally, there is \$450,000 in the current 2013-14 budget for the justice reform project. Together with existing funding, this provides about \$1 million to look at ways in which matters are progressing through the justice system and to see if we can identify improvements that can be made. I will not repeat all the remarks I made previously about improving the system and getting greater yield out of it. In particular, this looks at how justice agencies might interact with each other and what technological improvements can be considered. We are talking here about things like the courts, SAPOL, DPP, the Crown and so forth. That is a very brief overview. I am happy, obviously, to take any questions.

**Ms CHAPMAN:** If we could go to the courts precinct, because obviously this was—

**The CHAIR:** Can you refer to the budget paper for me, please?

**Ms CHAPMAN:** Indeed. Budget Paper 4, Volume 1, page 27.

**The CHAIR:** Thank you.

**Ms CHAPMAN:** The highlights for 2012-13 listed include:

Completed the Justice Precinct Scoping Study—Attorney-General's supporting information report to inform the development of a business case for the potential development of a justice precinct in the CBD.

That is what the Attorney has just referred to. What has been achieved in the last year?

**The Hon. J.R. RAU:** There are two things that have been happening in the last year. Neither of them are actually matters over which I have direct oversight. The first one is one that I referred to in passing when the Chief Justice was here, which is the identification of the courts' particular requirements in respect of any proposal, and that is something that is being managed by the Courts Administration Authority in conjunction with DPTI. The Chief Justice would have been the best person to tell you exactly how far they have gotten with that and exactly what they have been doing with DPTI in that regard.

**Ms CHAPMAN:** Can I clarify that, because my understanding is that this \$2 million, which is under the Attorney-General's Department, is this department's responsibility. They may have consulted with the CAA, which is why I asked questions while the Chief Justice was here, and I will be asking minister Koutsantonis about what he is going to be doing. I am really asking what your department has done in the last year.

**The Hon. J.R. RAU:** I am trying to answer that question. In the last year there have been a number of things that have happened and I am reporting these not as the responsible minister but as things that I have observed. I am not suggesting this is a comprehensive answer to the question. You need to really pursue this matter with minister Koutsantonis.

**Ms CHAPMAN:** I will.

**The Hon. J.R. RAU:** However, broadly speaking, it is my understanding that DPTI have sought expressions of interest from the private sector, that a number of private sector consortia have expressed considerable interest in being involved in further discussions with government and that the money allocated in the present budget will facilitate that process being carried on. If the honourable member wants more particulars about that matter, because it is being managed through DPTI—in particular, I think, Mr Hook and his group—I am not really in a position to provide that detail.

**Ms CHAPMAN:** In the development of the concept and the scoping work that has been done, has there been any consideration to have a public competition for the design and development of this precinct? As you would be aware, of course, your government has announced another precinct this week.

**The Hon. J.R. RAU:** Not to my knowledge but, again, I would defer to minister Koutsantonis in relation to that matter because he is the responsible minister.

**Ms CHAPMAN:** I noted that the Premier made comment about how much that would save in design costs by going out to the market through the media in regard to the recent announcement. Do you have a view, as the Attorney-General—if that is to be the sort of model floated by the government for future initiatives in precinct developments—as to whether the courts precinct should be excluded from that type of approach?

**The Hon. J.R. RAU:** I thank the honourable member for that question; it is actually a very interesting question and I have given this a bit of thought in general terms. I think I have come to the view, and in expressing this view I must confess I am traversing the boundaries between the Attorney-General's portfolio and the Minister for Planning—

**Ms CHAPMAN:** I will come to you in planning again on it, don't worry.

**The Hon. J.R. RAU:** Alright. That said, I really have come to the view that it is horses for courses. There are some precincts within the city—for example, the biomedical precinct—where so much of what is going to happen there is already clear; the functionality of that precinct is already clear. With the provision of the Riverbank master plan at the beginning of this week, to the extent that there are certain east-west connections foreshadowed and so forth, it requires no retro-fitting at all and it does not disturb the overall character or functionality of the area in any material fashion. That is a relatively uncomplicated site, if I can put it that way—relatively speaking.

At the very other end of the spectrum of complication you have the old RAH site where you have a range of buildings which are old buildings—they are not new buildings—ranging in age between the 1920s or 1930s, right through to the grand visions of the 1960s. Each of those buildings has its own complexities as a stand-alone unit.

When you combine those buildings together as a bunch of buildings occupying a 70-hectare site, it becomes incredibly complicated. You then have to decide whether those buildings are to be demolished, reused or refitted. If you wind up doing any of those things, what does that mean for the underground services that are in that area? I am led to believe there are a considerable number of those services, all of which would require great expense—or possibly great expense, depending on which buildings are to be removed or refashioned. It also has great complexities in terms of the east-west connections that are required.

I think, if you look at the courts precinct, it is reasonable to say that it is a much simpler site. For a start, it is an island: it has Gouger Street, King William Street, Wright Street and Mill Street surrounding it. There are heritage buildings on the King William Street and Gouger Street aspect of the site which are clearly not going to be demolished. There is a very ugly, repulsive building sitting behind those heritage buildings, and the whole of Adelaide will rejoice on the day that the gelnite goes off there. There is no question that is going to be removed, and then the rest of it is basically a car park.

It is as close to a blank canvas without complication as one can imagine. I do not see the same complexities attaching to that site. By saying that I do not mean that one should not expect design review to be an integral part of the pre-lodgement process for any actual application for development approval. Of course there should be design review and strong design influence in the final outcome but the site itself is not an inherently complex piece of the city.

**Ms CHAPMAN:** The civil and administrative tribunal that you have proposed to have a legislative provision for—

**The Hon. J.R. RAU:** Yes.

**Ms CHAPMAN:** —but from a budget point of view, when is it anticipated that the tribunal will start operating?

**The Hon. J.R. RAU:** I thank the honourable member for that question. I am advised that, obviously subject to the parliament approving the legislation—and I can indicate to the honourable member that it is anticipated the legislation will come in at least two elements. The first element will be before the parliament, I hope, within weeks which is an element which creates, if you like, the architecture of the admin tribunal. Then the second element, which will follow that some time later, will be the folding into that architecture of certain jurisdictions, if that makes sense.

Now, it might be that the folding in of jurisdictions does not happen all in one tranche; there might be an initial fold in of a certain number of jurisdictions with an anticipation that a year or whatever down the track other jurisdictions will be folded in, and then there might be even a third tranche where ultimately the last remnants of other tribunals, bodies or boards are brought in.

Having explained that background, the idea we are working on is that the SACAT should be operating early in 2014. Having regard to what I have just said, that would not be the anticipated final ultimate format of the SACAT by reason of the fact that the inclusion of jurisdictions is going to be a matter that will require some negotiation with all of the people who have an interest, and a vested interest at that, in the current boards or tribunals or whatever being satisfied and being consulted and so forth. That is the process.

**Ms CHAPMAN:** But even in the skinny version, Attorney, even if it is going to add jurisdictions as time progresses it is proposed to commence in early 2014. Are we talking 1 January?

**The Hon. J.R. RAU:** First quarter.

**Ms CHAPMAN:** First quarter? 1 March?

**The Hon. J.R. RAU:** Well, I am not giving a date, but we are aiming at in the first quarter.

**Ms CHAPMAN:** Okay, so between 1 January and 31 March.

**The Hon. J.R. RAU:** Yes.

**Ms CHAPMAN:** Let's not start it on April Fool's Day. That could be rather disappointing.

**The Hon. J.R. RAU:** That would be bad.

**Ms CHAPMAN:** Suspended sentences on page 27 of Budget Paper 4: the highlights are to continue to develop proposals to amend sentencing laws to narrow options for suspended sentences and to increase time served by child sex offenders.

**The Hon. J.R. RAU:** Yes.

**Ms CHAPMAN:** Legislation is currently before the parliament, but my question is: does the 2013-14 budget include any recurrent or capital funding to implement this initiative?

**The Hon. J.R. RAU:** No, certainly not in the Attorney-General's.

**Ms CHAPMAN:** This year? No. Had you received any budget submission indicating that it would be necessary to flow recurrent and capital funding into the 2014-15 year?

**The Hon. J.R. RAU:** I am advised it does not have any impact on the Attorney-General's portfolio at all. I think—

**Ms CHAPMAN:** So, if any further funding is required, it will come from another department. Is that what you are saying?

**The Hon. J.R. RAU:** If any.

**Ms CHAPMAN:** Yes.

**The Hon. J.R. RAU:** If any, and by giving that answer I am not meaning to suggest there is any.

**Ms CHAPMAN:** Budget Paper 6, page 17: Justice reform project. You referred to this briefly, Attorney. It provides for a \$1 million justice reform project (only \$450,000 of the new money) to be led by your department and it is to identify ways the justice system can become more efficient. You highlighted that your work is underway with this but, given that the Courts Administration Authority and the Attorney-General's Department are already responsible for ensuring that justice processes are efficient and effective, why can't the project be delivered within the current programs?

**The Hon. J.R. RAU:** At one level, I guess, that is a pretty fair question, but I have discovered that in government, unless something is given a particular focus, it is very difficult to get it to gain momentum that it does not already have. The object of the exercise here is to concentrate a number of minds across various parts of government on the same topic.

Actually, one of the more interesting things, I suppose, about government is that governments as a whole—and I am not referring to this particular government so much: I am referring to governments as a generic product—are quite good at operating in a vertical fashion, whereby you have a chief executive and they have their people who report to them and suchlike. As long as a particular topic sits entirely within that particular vertical relationship, it can be managed, subject to the capabilities of the people in that relationship, very well, but government, like life, is a little bit complicated sometimes and often matters do not sit conveniently under that vertical model.

When that occurs, it does become complicated for coordination that effectively targets more than one vertical entity to focus on a particular problem, and that requires energy. Energy, in the parlance of government, is money or resources or people. So, the additional impact, I guess, in terms of budget, is the bringing together of this group of people who otherwise would not necessarily always be sitting down around a table talking to each other.

The plan that we have looks at bringing together the chief executive of the Attorney-General's Department (Mr Persse) as the Chair of this body, with police, DPP, the chief executive of Corrections, the director of the Legal Services Commission, and Mr Thompson from Courts. The actual terms of reference of this are being developed presently.

I can tell you that the reason for the need for the additional energy and focus here is that anything that requires a multidisciplinary cooperative focus in government does present challenges. It doesn't mean it cannot be done. When it is done and done well, it produces very good results, and I am confident that this will but, with no energy or no resources being thrown at this, it would be very difficult for the sort of substantial progress that we are hoping for to occur.

**Ms CHAPMAN:** I refer to Budget Paper 6, page 17, Efficiency dividend. What was the department's efficiency dividend savings target in the 2012-13 financial year and what was achieved?

**The Hon. J.R. RAU:** We are just looking for the number for 2012-13. I am advised that we are expecting to meet that number, whatever it is, but can I just have that on notice and let you know before the end, or afterwards if we cannot get it?



**Ms CHAPMAN:** Yes, certainly, thank you. What was the total efficiency dividend savings target for the 2014-15 year following this budget measure?

**The Hon. J.R. RAU:** I am not sure whether this actually answers the honourable member's question, but I am advised that the increased efficiency dividend in 2014-15 is \$1.735 million.

**Ms CHAPMAN:** That is of the 2014-15 year?

**The Hon. J.R. RAU:** Yes.

**Ms CHAPMAN:** So, the total amount that is published there of 3,539, are you suggesting it is part of that? This is supposed to be new budget measures, the total.

**The Hon. J.R. RAU:** I am advised that that represents a bringing forward of saving measures from 2015-16 to 2014-15. The \$3,539,000 represents a bring forward of 2015-16 savings measures to 2014-15.

**Ms CHAPMAN:** Yes, I understand that. What I am asking is: what is the total efficiency dividend savings target for 2014-15, bearing in mind that—

**The Hon. J.R. RAU:** Including that?

**Ms CHAPMAN:** Yes, well, in addition to that, presumably. There was already a 2014-15 target.

**The Hon. J.R. RAU:** Sorry, you want the cumulative total with that and whatever else was there; that is the point?

**Ms CHAPMAN:** The total.

**The Hon. J.R. RAU:** Can I just take that on notice?

**Ms CHAPMAN:** Thank you. If we can just go back to the fines enforcement recovery office, which you have referred to, Attorney. It is on page 19. What is the estimated annual budget for this office?

**The Hon. J.R. RAU:** The annual budget I am not sure is that easy to—

**Ms CHAPMAN:** That is why I am asking you the question.

**The Hon. J.R. RAU:** —give you as a discrete number. Do you want me to take that on notice?

**Ms CHAPMAN:** I am happy for you to do that—so, each year in the forward estimates what the budget is for the actual operating of that unit once it is established.

**The Hon. J.R. RAU:** I have cumulative totals for numbers of years, but I do not necessarily have it for total expenditure for particular years, if that makes sense.

**Ms CHAPMAN:** Yes, I am happy if you take that on notice; that would be helpful. Similarly, if you do not have the information available, how much of the budget is (a) new money, (b) transferred from the fines payment unit, and/or (c) transferred from the debt recovery function from the Crown Solicitor's Office?

**The Hon. J.R. RAU:** I think I had better take that on notice as well.

**Ms CHAPMAN:** Thank you. What is the proposed staffing level of the fines enforcement and recovery office?

**The Hon. J.R. RAU:** Since we are on a roll, I had better take that on notice as well.

**Ms CHAPMAN:** Thank you. Again, how many of the staff members are going to be (a) new staff, (b) transferred from the fines payment unit, and/or (c) transferred from the debt recovery function from the Crown Solicitor's Office?

**The Hon. J.R. RAU:** Again, I will take that on notice.

**Ms CHAPMAN:** Of the \$6.2 million expenditure on the fines enforcement and recovery office in the next four financial years, how much is offset by reduction of expenditure of the Courts Administration Authority or the Crown Solicitor's Office under the current arrangements?

**The Hon. J.R. RAU:** Again, we are into these financials, and I think it is best that I get an accurate number.

**Ms CHAPMAN:** Of the inflow of revenue to the fines enforcement and recovery office in the next four financial years, how much is offset by reduction of expenditure of the Courts Administration Authority or the Crown Solicitor's Office under the current arrangements?

**The Hon. J.R. RAU:** Again, I will take that on notice.

**Ms CHAPMAN:** What proportion of the budgeted additional revenue will be generated through improved collection and what proportion through changes to existing fees and charges?

**The Hon. J.R. RAU:** I think that one sounds a bit like the others.

**Ms CHAPMAN:** On notice?

**The Hon. J.R. RAU:** If you don't mind.

**Ms CHAPMAN:** The \$1.96 million in additional recurrent funding to the fines enforcement and recovery office—that is at page 19, if you are following this attentively, Mr Chairman, and I am sure you are. I see we have lost two members of our committee.

**The CHAIR:** I am very enthusiastic when you refer to the budget papers. It is very helpful.

**Ms CHAPMAN:** Is it the same 1.96 million listed in program 9?

**The Hon. J.R. RAU:** What page are we on, sorry?

**Ms CHAPMAN:** The 1.96 million in additional recurrent funding in the fines enforcement and recovery office—that is Budget Measure 6, page 19—

**The Hon. J.R. RAU:** I think we will just take it on notice.

**Ms CHAPMAN:** Thank you. I am really asking if that is the same one as is referred to on page 52.

**The Hon. J.R. RAU:** Okay.

**Ms CHAPMAN:** Is the 52,000 operating revenue to the fines enforcement and recovery office on page 19 included in program 9: Fines Enforcement and Recovery, again at page 52? On notice?

**The Hon. J.R. RAU:** On notice.

**The CHAIR:** You're getting through a lot of questions here.

**Ms CHAPMAN:** A most uncooperative witness, I would have to say. He is now nodding, when he knows you actually have to say something when you are in the room. Anyway, he has agreed of course to take that on notice. At Budget Paper 4, Volume 1, page 23, how much did the Corneloup court case cost, including the High Court and Supreme Court challenges?

**The Hon. J.R. RAU:** The Corneloups—these are the street preachers. I think we will have to get back to the honourable member on that. I stand to be corrected on this, but it is my recollection that, because the Corneloups were, I think, initially unrepresented, the court invited—I think is the word—the Crown to enter the contest as a representer or some other assistance to the court, and I think it also requested that the Crown provide some sort of assistance to the Corneloups, presumably so that the court could understand exactly what it was they were hoping to convey. I will find out what those numbers are, but in finding out those numbers, I will also provide the honourable member with information about those matters, because I think it does bear on the situation a bit.

**Ms CHAPMAN:** I look forward to receiving the amount and the breakdown as offered by the Attorney. How much did the Adelaide City Council contribute?

**The Hon. J.R. RAU:** Again, I will provide that in that advice.

**Ms CHAPMAN:** And how much, if any, did the other states contribute, or did they just pay for their own representation?

**The Hon. J.R. RAU:** Again, I will provide that advice, but my recollection is that these people were, at least for part of the process, unrepresented and there was some complexity attached to the court being able to deal with them in circumstances where they had these unrepresented litigants fighting a constitutional case.

**Ms CHAPMAN:** Regarding information technology, page 24 of Budget Paper 4, Volume 1 refers to justice technology services. The Budget Measures Statement for

2012-13 indicates on page 15 that 796,000 will be allocated over two years to 'undertake a business case and further develop information sharing and systems capabilities between agencies that contribute to criminal justice matters'. Can the Attorney identify where the business case is and when it is coming?

**The Hon. J.R. RAU:** I am advised that the 450,000 which is provided for explicitly in this budget for the 2013-14 year is being bulked up with that money, and that is what is being allocated. That \$1 million or more that I referred to that is being allocated to the justice improvement project includes both of those moneys.

**Ms CHAPMAN:** Has it started? What is actually happening—the preparation of the business case? Do you have an entity or a consultant or someone appointed, or has a contract gone out or still considering—where is it at?

**The Hon. J.R. RAU:** I am advised that that will be wrapped into the new terms of reference and that that work has not been done as yet.

**Ms CHAPMAN:** When do you expect that the invitation to tender for this preparation of report will go out, assuming that is the process you are going to do?

**The Hon. J.R. RAU:** I am advised that it is not yet necessarily determined that external consultants will be required. In the event that they were, I would imagine that it is simply a matter of our ascertaining the terms of reference, which I hope we would do sooner rather than later. I imagine that it is in the foreseeable future if indeed it is to go out.

**Ms CHAPMAN:** Do you expect that the business case will be completed in this financial year?

**The Hon. J.R. RAU:** In the coming financial year?

**Ms CHAPMAN:** Yes.

**The Hon. J.R. RAU:** I very much hope so.

**Ms CHAPMAN:** On advisory functions, at page 15 of Budget Paper 4, Volume 1, Program net cost of services summary, what is the 2012-13 financial year estimated expenditure by the following: Sentencing Advisory Council, Law Reform Institute, and the reform of laws relating to financial powers of attorney?

**The Hon. J.R. RAU:** I can give you some information. You tell me if this is not all that you want.

**Ms CHAPMAN:** It is the estimated expenditure on each of these three.

**The Hon. J.R. RAU:** In the 2012-13 budget, there was \$154,000 for the Sentencing Advisory Council, and \$158,000 is set aside in 2013-14; \$40,000 for the Law Reform Institute, and an additional \$40,000 in 2013-14; and \$263,000 for the reform of laws relating to financial powers of attorney, and that is \$266,000 in 2013-14.

**Ms CHAPMAN:** So, these 2013-14 are the budgeted items for what they expect to receive?

**The Hon. J.R. RAU:** Yes.

**Ms CHAPMAN:** And the 2012-13 are estimated, or was that their budget for that year?

**The Hon. J.R. RAU:** It was the budget for that year.

**Ms CHAPMAN:** My question was: what was the actual expenditure on each of these in that financial year?

**The Hon. J.R. RAU:** I will have to get back to you on that.

**Ms CHAPMAN:** Thank you. On victims of crime, under 'Crown Solicitor', page 18 of Budget Paper 4, Volume 1, Highlights of 2012-13 include 'Increased grants paid to organisations that support victims of crime'. On page 15 of the 2012-13 Budget Measures Statement, the government stated that it would be providing an additional \$500,000 per year for the next four years for victims of crime support. What agencies received this funding in 2012-13 and how much for each?

**The Hon. J.R. RAU:** We will have to get back to you with that level of detail.

**Ms CHAPMAN:** What services will each grant deliver, either new or expanded?

**The Hon. J.R. RAU:** Ditto.

**Ms CHAPMAN:** Were any of the services previously provided by government?

**The Hon. J.R. RAU:** Ditto.

**Ms CHAPMAN:** Does this money come from the Victims of Crime Fund or from general appropriation?

**The Hon. J.R. RAU:** I understand that it comes from the fund, but I will check that.

**Ms CHAPMAN:** I refer to the Crown Solicitor's Office outsourcing services at page 18, Budget Paper 4, Volume 1. Which agencies have the Crown Solicitor's Office legal practitioners outsourced to their agency and how many are there in each?

**The Hon. J.R. RAU:** Again, that level of detail I do not have here, but we will get it for you.

**Ms CHAPMAN:** Thank you. Can you think of any that has a standing Crown Solicitor's Office officer in them? The health department used to always have one.

**The Hon. J.R. RAU:** I believe Health does, and I believe there may be some attached to Education, but exactly how many and what the exact arrangements are, I would need to get further information on.

**Ms CHAPMAN:** Thank you. Which agencies employ legal practitioners to provide legal services, and what are their respective costs?

**The Hon. J.R. RAU:** I don't know that I can answer that. I can tell you what the Crown does in our budget, but I cannot tell you what others do in their budgets. So, if it turns out that another agency or instrumentality has engaged separate to the Crown a legal practitioner or practitioners, then that is not necessarily a matter of which I have any knowledge.

**Ms CHAPMAN:** Is that not something which your department approves—if an agency uses their own legal practitioners or a private source, because their obligation is to use your Crown Solicitor's Office?

**The Hon. J.R. RAU:** Again, I will check that, but I think the honourable member would find that there is a circular—Treasurer's Instruction 10—which provides a model or template by which external lawyers might be engaged. I am not sure that every time that template is applied it necessarily is a matter that the Crown Solicitor needs to be involved in, but I will check.

The honourable member perhaps would be interested to know—and perhaps the honourable member already does know—that in Health, for example, it is quite common, for instance in a matter where there might be a substantial medical negligence claim against a Crown instrumentality, for external legal providers to be engaged to assist in a matter.

Likewise, it might be the case that a coronial inquiry, whether the agency is the Crown, SAPOL, Health—whoever it might be—will, not uncommonly, engage an external legal provider under that process. That arises in many circumstances, sometimes where there might be a potential or actual conflict between the Crown employee and another Crown employee. But, I will take on notice the question and, if we can provide the answer, we will.

I suggest to the honourable member that, if you have particular agencies in mind, the shortest way to get the answer would be to direct your question to that particular minister.

**Ms CHAPMAN:** In essence, I was assuming that your department would have knowledge if there was use of some other legal practitioner (i.e., in the private sector) contrary to the Treasurer's Instruction. But I appreciate that what you are really saying is, 'Look, they may do it anyway in breach of that,' in the sense of using a private—

**The Hon. J.R. RAU:** No, no; I was not meaning to convey that. What I was meaning to say is that it might well be—and I don't know—that the Crown Solicitor, for example, has a piece of paper run past his desk in the event of, say, Health wishing to engage an external legal provider to assist them with a matter.

It may well be that it goes past his desk. I will check that, but the only point I am making is that, if it does go past his desk, it would be in the sense of him satisfying himself that the arrangements that had been entered into complied with T10, not that he was taking an in-depth personal interest in that particular matter.

So, the Crown Solicitor might, in a general sense, know that, for example, the honourable member had been engaged by Health to help them with a coronial, but he would not necessarily have any knowledge of the detail of that matter, or—

**Ms CHAPMAN:** Sure; no, I am not suggesting that. I am assuming, though, that on the basis that we have a Crown Solicitor's Office, it is there for a purpose, it is available to give advice to each of the agencies, and the direction is there to say that you have to use that, really, unless you get permission otherwise, because they either haven't got the resources or the particular expertise to deal with the matter, or they are too busy—

**The Hon. J.R. RAU:** Or conflict.

**Ms CHAPMAN:** Conflicts—all of those things. I think we are on the same page there; we will await to hear that. Do you have any advice as to whether other agencies employ solicitors of their own, or do you not get told about that?

**The Hon. J.R. RAU:** I would have to check; off the top of my head, I do not know.

**Ms CHAPMAN:** Right, okay. And could you also then take on notice: how much does each of the agencies spend on Crown Solicitor's Office services each financial year?

**The Hon. J.R. RAU:** On Crown services?

**Ms CHAPMAN:** Yes, on the ones you are responsible—

**The Hon. J.R. RAU:** I can probably get you information from our point of you, which is how much we bill—

**Ms CHAPMAN:** Yes.

**The Hon. J.R. RAU:** —but I do not know that I can demand—I assume what we bill and what we pay are the same things. I assume at some point there is an exercise. I just wanted to make it clear. We can probably provide you an answer in respect of our billings, but how that actually corresponds with the book entries for a different agency for the same reporting period, I can't say.

**Ms CHAPMAN:** Sure. Perhaps we could have this then: how much was the total that you billed to each of the agencies in the current financial year, which is about to expire? How much per agency and how much is budgeted to be allocated for this financial year of expenditure that the Crown Solicitor's Office anticipates?

**The CHAIR:** Still referring to the same budget paper number?

**Ms CHAPMAN:** Yes, sir. We are on Crown Solicitor's Office.

**The Hon. J.R. RAU:** I will do my best to get back to you. Can I raise another matter, though, for the honourable member that might be of significance in that line of questions. The honourable member has referred on a number of occasions to the concept of an agency. Now, if what we are talking about is, for example, the education department or DPTI or something of that nature, that is relatively clear, but there are other creatures out there which are by some definitions creatures of the Crown and by other definitions arguably not.

I just wanted to make it clear that, the further out into that outer solar system the honourable member wants to move, the less likely I am to be able to provide reliable information. It might be that a government corporation—I will pick something like WorkCover for instance—may employ lawyers. I would very much doubt whether them employing lawyers necessarily has to go through the T10 process.

They would have a completely separate process. We may—when I say 'we' I mean the Crown Solicitor—have absolutely no direct role in that engagement of legal services, and there may be many other instrumentalities sitting there such as the MAC and a whole bunch of other people who would perhaps or would almost certainly be engaging lawyers, but the Crown Solicitor would not necessarily, I suspect, have any role in overseeing that process.

**Ms CHAPMAN:** So, irrespective of whether they are a department, a statutory corporation or an entity of which there is some level of accountability to a minister, on the last question, how much you billed each of the agencies in the last financial year and how much you are budgeting to provide for this financial year per agency/entity is what I am seeking.

**The Hon. J.R. RAU:** In relation to your earlier questions, just perhaps for the purposes of completeness, be aware that in providing your answer to who the Crown Solicitor has ticked off on under T10, we may not be capturing everything you originally had in mind.

**Ms CHAPMAN:** SA Water, WorkCover—I understand, yes, thank you. On the Victims of Crime Fund Administration—same Budget Paper 4, Volume 1—what progress has been made in the criminal prosecution of who defrauded the Victims of Crime Fund?

**The Hon. J.R. RAU:** For reasons the honourable member would be fully aware of, I have to be a little bit careful about what is said in this matter.

**Ms CHAPMAN:** Well, can I put it to you this way: I am obviously aware that one party is awaiting sentencing and the other party has pleaded guilty. I understand that and the court proceeding is pending; I am not asking you to go into that. I am asking you as to whether there has been any money recovered at all as a result of this fraud.

**The Hon. J.R. RAU:** Again, without being too particular, I understand the DPP has taken certain steps to ensure that assets cannot be dissipated in anticipation of a recovery.

**Ms CHAPMAN:** We canvassed this last year, but it had only just happened, so I am asking really, in the last 12 months, what is now in place to ensure this does not happen again?

**The Hon. J.R. RAU:** I am advised that all the policies and procedures associated with the assessment of the claims and payments from the fund have been reviewed by the AGD internal auditors, which is PricewaterhouseCoopers, in relation to the appropriateness of existing and proposed additional controls.

The existing policies and procedures have been reviewed and updated to ensure appropriate separation of responsibilities and delegation controls. Additional resources have been engaged to implement the revised policies and procedures. Interruption to the payment of compensation to victims of crime following the discovery of the offences was temporary, and the impact on the assessment and payment of claims has been minimised.

**Ms CHAPMAN:** Yes, but what is it? What is actually going to happen that is different now from last year? I appreciate that you have done the review and that you have looked at how it is to happen—

**The Hon. J.R. RAU:** If you want to know in fine-grain detail, I will have to take that on notice. I am not sure whether a new form has been introduced or whatever.

**Ms CHAPMAN:** Yes. Obviously, in particular, we are looking at the controls, Attorney.

**The Hon. J.R. RAU:** Yes, indeed.

**Ms CHAPMAN:** We are looking at who might have to sign off on it as a second protection, for example.

**The Hon. J.R. RAU:** In making this comment, I am not referring in particular to this case.

**Ms CHAPMAN:** No, I appreciate that, but the Auditor-General is already alerted to the issue, you have taken the issue on, you have got PwC to have a look at it and review it. Presumably, they have come up with some ideas. I think you are giving some indication that they are in place. I would like you to take on notice what they are.

**The Hon. J.R. RAU:** That is my understanding, and we will find out what they are.

**Ms CHAPMAN:** Thank you.

**The Hon. J.R. RAU:** Again, I emphasise, not about this particular case but, if one has an employee who is very clever and very determined, no matter how good the systems are the detection of such a person may be very difficult. That is a general proposition, but I will get back to you with the details about that.

**Ms CHAPMAN:** I think certainly the public would expect, particularly in the Attorney-General's Department, some level of scrutiny. For the reasons you may say—that it may not have been able to be identified easily and that there will always be some who are devious enough, clever enough or whatever to avoid scrutiny—the public will want to be satisfied that you have actually closed the loophole, whatever it is.

**The Hon. J.R. RAU:** Yes. I think it bears mentioning that, in fact, it was the diligence of an employee of the Attorney-General's Department which exposed this matter when they asked

questions and which led them to a particular discovery. It is not as if this was something that was discovered by the Auditor-General or somebody external. I think it is a credit, actually, to the efforts in particular of the person who initially uncovered this, that when they saw that one and one appeared to add up to three they went further and examined that matter. I am very pleased that we have people of that sort of bent in the Attorney-General's Department.

The fact that this was discovered in the way it was discovered, when it was discovered, is quite a feather in the cap. The fact that it occurred at all is, of course, bad—no question about that—but the fact that it was discovered when it was, in the way that it was, by an employee of the Attorney-General's Department, I think is a good thing.

**Ms CHAPMAN:** You said all that last year, so we are looking forward to hearing how you are going to remedy it.

**The Hon. J.R. RAU:** At least I am consistent.

**Ms CHAPMAN:** Victims of abuse in state care, this is highlighted at page 18 of Budget Paper 4, Volume 1, where it states:

Continued to manage common law damages and ex gratia victim of crime compensation claims from victims of abuse while in state care.

How many claims are currently being managed?

**The Hon. J.R. RAU:** I have some information on that. As at 31 May this year, the CSO has received a total of 145 applications for ex gratia compensation. As at 31 May, a total of 71 had been approved and offers of compensation had been made to these applicants. Of these 71, a total of 66 have accepted their offers and payment has been sent to all of these people.

**Ms CHAPMAN:** What is the total amount of settlements paid so far?

**The Hon. J.R. RAU:** I think this note is telling me that as at 31 May—are you asking about offers, or paid?

**Ms CHAPMAN:** Paid.

**The Hon. J.R. RAU:** As at 31 May 2013, \$974,500.

**Ms CHAPMAN:** Is that \$974,500?

**The Hon. J.R. RAU:** Yes.

**Ms CHAPMAN:** To a total of how many applicants?

**The Hon. J.R. RAU:** Sixty-six.

**Ms CHAPMAN:** So 66 have accepted, and they have been paid?

**The Hon. J.R. RAU:** Yes.

**The CHAIR:** I remind members, in line with the timetable, we are due to go to the Electoral Commission at 11.30.

**Ms CHAPMAN:** Yes, can I just conclude this with one more question if I may?

**The CHAIR:** Sure.

**Ms CHAPMAN:** Do these funds all come from the Victims of Crime Fund or from SAICORP, or some combination? Where have they come from?

**The Hon. J.R. RAU:** I am advised that it is probably the fund, but we will check.

**Ms CHAPMAN:** On notice, thank you. Can I have one final question?

**The CHAIR:** Yes.

**Ms CHAPMAN:** What was the balance of the Victims of Crime Fund at 30 June 2012? I think that is still in some documents from last year. What is the balance estimated to be on 30 June 2013?

**The Hon. J.R. RAU:** I will have to get back to you with those.

**The CHAIR:** We will now go to the Electoral Commission of South Australia.

**ELECTORAL COMMISSION OF SOUTH AUSTRALIA, \$12,588,000****Witness:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Planning, Minister for Industrial Relations, Minister for Business Services and Consumers.

**Departmental Advisers:**

Ms K. Mousley, Electoral Commissioner, Electoral Commission of South Australia.

Mr D. Gully, Deputy Electoral Commissioner, Electoral Commission of South Australia.

Mr R. Persse, Chief Executive, Attorney-General's Department.

Mr I. Clayfield, Chief Finance Officer, Electoral Commission of South Australia.

**The CHAIR:** I declare the proposed payments open for examination, and I invite the Attorney to make any opening remarks he may wish to make and to introduce any new advisers who join him.

**The Hon. J.R. RAU:** Can I first of all introduce those who are now here. To my immediate left is Kay Mousley, the Electoral Commissioner; to her left is Mr David Gully, who is the Deputy Electoral Commissioner; again to my right, Mr Persse, who is enjoying it so much being here, he wants to stay; and behind us, Mr Clayfield, who is the Chief Finance Officer from the Electoral Commission. I do not believe there is anything I wish to say by way of opening in relation to this matter. I note there is a bill before the parliament and it is probably not appropriate for me to canvass matters pertinent to that.

**The CHAIR:** The Deputy Leader of the Opposition.

**Ms CHAPMAN:** Thank you. I was just going to simply say that I am pleased that the budget this year makes provision for a state election in March 2014—I am delighted to see that and my colleague, the member for Morialta, has some penetrating questions to proceed with.

**Mr GARDNER:** I refer to Budget Paper 4, Volume 2, page 51. I note that there is a highlight—the third dot point from the bottom of the page—for having published a new disability access and inclusion plan and I hope you do not mind if I have a few questions about that plan. I have some serious interests in this area.

The Select Committee on the 2010 election also recommended that the Electoral Commission work with other electoral administrations, particularly the AEC, to foster and implement electoral innovations to facilitate votes of people with a disability. I am wondering, minister, and with the assistance of the Electoral Commissioner perhaps, if you could identify what process the commission has undertaken to develop the Disability Access and Inclusion Plan. I have read the submissions from last year, but if you could identify the way in which people with a disability have been engaged in that process?

**The Hon. J.R. RAU:** I might simply ask the Electoral Commissioner if she wouldn't mind addressing that because I would simply be repeating to the honourable member whatever it was she told me, so I will make it a more direct route.

**Ms MOUSLEY:** I thank you for that question. The Disability Access and Inclusion Plan was developed in consultation with focus group members, and they represented a number of disability areas within South Australia. Typically we approached the advocates for each of the mainstream groups that we are looking for—physical disability, mental disability and other types of disability that are not captured across a broader range.

They came together to identify some of the services that we could perhaps look at improving so that when they visit polling places on election day they are able to have better access to services, they are able to see signage, etc. Also, we have included a concept or two whereby we are looking to train our election officials so that they are aware that if someone is presenting at a polling place for a vote that they are given attention and assistance.

We have also done further work so that we are even developing some storyboards so that there are pictorial representations for those who might be intellectually challenged so that if they are having trouble understanding normal instructions in written form, they are able to look at that



storyboard and that will give them a process flow for when they enter the polling place to casting their vote and depositing their ballot paper in the ballot box.

**Mr GARDNER:** I appreciate that, and I have a couple of specific questions on the plan. In relation to the focus group that was engaged, I am wondering if you are able to advise who was on the focus group and over what period that focus group met or engaged with the commission.

**Ms MOUSLEY:** I would like to take that question on notice because I cannot remember off the top of my head.

**Mr GARDNER:** That is absolutely fine. In relation to the plan itself, which I appreciate has been fairly recently put on the Electoral Commission's website, and the implementation of that plan, it has been published as a line in the budget paper, so I would assume the implementation is something the Electoral Commission will continue to be engaged in over the year ahead.

Specifically as to objective 1, the first action point identifies that strategies to identify those with disabilities who may not be enrolled and then it lists strategies to be included in election-related projects. I am wondering whether you can enlighten us on what election-related projects you think this would relate to. What strategies exactly will be delivered in finding those who are not enrolled at the moment?

**Ms MOUSLEY:** For those who are not enrolled, we are trying to form better connections and networks with some of the disability groups so that we can start linking up with those who are on their mailing databases and try to identify whether they have a range of clients who have not taken up the enrolment option, thinking that they do not want to, that it is too difficult or whatever. We will use their mailing addresses to contact some of these electors if they appear not to be on the roll.

There are a number of strategies that we are implementing into our training programs and in the equipment that we provide so that should people with disabilities present at a polling place, they have special attention, but we will also have other facilities available in providing early voting services or postal voting services as well. Sometimes people with a particular disability might think that they are excluded from the process because they have trouble in getting to the polling place itself, so we are widening the net so we can inform them of the different services that are available to them.

**Mr GARDNER:** Certainly. The eighth part of the first objective is investigating electronic voting options for future elections. It is proposed that for the 2018 election appropriate measures will be in place to enable a trial of alternate electronic methods of voting. I know this was discussed at last year's estimates. You said you were going to be attending a seminar on electronic voting. I am wondering what the outcomes of that seminar were. Is the South Australian commission considering trialling or advocating for the use of electronic voting just for those with a disability or more broadly?

**Ms MOUSLEY:** There are a number of issues that complicate the matter. The outcome of the seminar that was held last year was to develop a broad paper that outlined some of the options and considerations for introducing electronic voting. It gave the commissioners an opportunity to hear from the academics their concerns and the academics an opportunity to hear the operational concerns from the electoral commissioners, and their staff, from around Australia. So, from that perspective, it was a very good information-sharing session.

Since then, there has been further work done on developing papers, such as whether internet voting has a role in the electoral administration. So, as commissioners, we are well aware that we need to start moving with the times. New South Wales already has an electronic voting system for those who cannot get to a polling place. It is not an open service: you have to apply and register to have that vote. Victoria has voting provisions for electors with a disability, as does Western Australia and Tasmania.

We are looking and are very interested in doing some form of electronic voting. What that form might take we have not yet resolved, but, in saying that, we have such a huge tranche of IT developments that we need to do to stabilise our voting services and processes and databases for the current election in 2014 that, with a small staff, we cannot possibly take on something of this size as well because no-one has got a system that would easily slide into our voting requirements and legislative requirements as well.

**Mr GARDNER:** The third objective is improved staff awareness to assist people with disabilities. You have talked about training already in your evidence today. The first action point is to investigate a disability awareness information session for all ECSA staff. I just wanted to explore

that. With the disability awareness information session, are we talking about one session or a series of training programs? When you talk about all ECSA staff, does that include temporary staff, such as those who are going to be engaged with the public on polling day?

**Ms MOUSLEY:** Initially the process will start with just our main corporate staff in our offices. We have already engaged a provider. We sourced some information from a couple of disability providers who are specialists in their fields. I think we already have one session locked in with a provider for our staff.

We have a number of returning officer training sessions over the next few months. Part of that process will also include disability awareness training. We have incorporated additional information in the returning officers' manuals. It will also be then distributed in the manuals to all of the polling staff as well.

**Mr GARDNER:** So, for the returning officers, it will form some part of their formal induction, but polling place staff will be reliant on the training manuals and whatever information the returning officer passes down.

**Ms MOUSLEY:** Yes. While I cannot, off the top of my head, remember what is on the training agenda for our returning officers to present to polling place managers, they are the forum that we use for training the 7,000 polling staff that we have and the 700 polling place managers. So, there is an opportunity for us to provide some information, but it is primarily included in the instruction booklets.

**Mr GARDNER:** Moving to Budget Paper 4, Volume 2, page 50, relating to employee expenses, how many casual staff does the commission expect to employ for the March 2014 election?

**Ms MOUSLEY:** In total, I would expect in the vicinity of some 6,000 people.

**Mr GARDNER:** How does that compare to the last state election?

**Ms MOUSLEY:** Very similar, but, in having a conversation with my finance officer this morning, we have already identified that there has been an increase of people on the roll. That will then normally turn into an increased number of people presenting at polling places. There may well be a need for increased staffing numbers at each of the polling places but, until we have done some further number crunching, we have not finalised those numbers at this point in time, but it would still be within the vicinity of some 6,000.

**Mr GARDNER:** So, if there is a need for further staff on the basis of increased enrolment, then that might be something that we will see at the Mid-Year Budget Review.

**Ms MOUSLEY:** That's correct.

**Mr GARDNER:** On a similar theme—I will give the line of page 52—the performance indicators talk about the percentage of people eligible to vote who are enrolled on the roll. How many people are currently unenrolled?

**Ms MOUSLEY:** I do not have the specific number in front of me. Media reports were suggesting there are some just under 100,000 within South Australia.

**Mr GARDNER:** Is that a figure that the Electoral Commission has some basis for having credence in?

**Ms MOUSLEY:** The Australian Electoral Commission is responsible for maintaining our rolls for South Australia and it provides quarterly reports to South Australia. I do not have in my head the final figure of the number that is anticipated to be unenrolled, but I can get that figure for you if you would like.

**Mr GARDNER:** Yes, I would appreciate that. At last year's estimates the commissioner indicated that there might be a problem with synergising the roll maintained by the Electoral Commission of South Australia with the commonwealth roll, because the South Australian legislation requires a signature and the commonwealth roll has obviously taken a slightly different path. Has this problem been overcome?

**Ms MOUSLEY:** Until we get legislative amendment through to harmonise the state roll with the federal requirements, we still have that as an ongoing problem, but having said that there will be a significant increase in numbers with the federal election roll close, whenever that might be held, that will further possibly increase the numbers there.

**The Hon. J.R. RAU:** Can I just add—because I cannot let this go by without a small plug—if anyone knows anybody in the other place who wants this problem to be solved, all they have to do is ask them to put their hands up at the appropriate time, because it is literally in their hands.

**Mr GARDNER:** I am sure you would not want to anticipate debate, sir.

**The Hon. J.R. RAU:** No.

**Mr GARDNER:** How many additional enrolments does the commission expect to receive after the rolls are synergised?

**Ms MOUSLEY:** At this point in time there is a difference of some 14,000 electors who are on the federal roll for a leading address and on the state roll for a lagging address. That will change as time moves on and, as I have mentioned, if there is a federal roll close before our election—which I would suggest there will have to be—we will see an increase in that number unless there is a harmonisation of processes in legislation.

**Mr GARDNER:** Is that factored into the activity indicators projection for 2013-14 on this page, page 52?

**Ms MOUSLEY:** Which ones in particular?

**Mr GARDNER:** That would be the—

**Ms MOUSLEY:** More than 90 per cent?

**Mr GARDNER:** Yes, I think so.

**Ms MOUSLEY:** Yes, that would still be factored into the same things.

**Mr GARDNER:** I think that is a fairly broad target. Does the Electoral Commission have any reason to think that these additional enrolments might affect one electorate disproportionately more than others, or one or a group of electorates more than one or a group of others?

**Ms MOUSLEY:** I would suggest that they are spread across the whole of the state.

**Mr GARDNER:** Sure. Is there an anticipated cost of synergising the two rolls?

**Ms MOUSLEY:** No, I would say not.

**Mr GARDNER:** Very good. Going to page 51, on the conduct of the 2014 election, and I suppose page 50 just in terms of the broad themes of the commission. I understand that the commission used new electronic processing methods for postal ballots at the last election. Is that correct?

**Ms MOUSLEY:** Not that I am aware of.

**Mr GARDNER:** No? Okay.

**Ms MOUSLEY:** Not postal ballots.

**Mr GULLY:** We had a redevelopment of the system that processes them, but it is the same process, just a new version of the system.

**Mr GARDNER:** Okay. In that case I will let that pass. To page 52, again on the performance indicators, education activities delivered, there were five last year, five this year, and three next year. What were the education activities delivered in 2012-13?

**Ms MOUSLEY:** In 2012-13 we finalised the state election information and education strategy, which forms the base of our election projects for the state election. We have prepared a brochure for new citizens, so that as new citizens present at their ceremony to receive their citizenship documents they have an information pack on how to enrol and voting at elections, state, federal and local government levels.

We have produced two easy read booklets on enrolling in voting, so that for those with a disability we can then distribute it through their communities so that they can understand what the requirements are for both of those processes. We have participated in a number of public education events for Indigenous and disabled sectors and we have produced a brochure on enrolling in voting for culturally and linguistically diverse communities in 17 languages.

**Mr GARDNER:** Very good. Just below that, in reference to research projects completed, there were four in 2012-13. I am wondering what they were.

**Ms MOUSLEY:** The research projects included a paper on informality trends and influencing factors; there was a report on the state election staff and stakeholder surveys; we acquire that information after each election; we did an analysis of the ABS data based on their 2011 information to ascertain the key languages that we would use in translating into the 17 most commonly required languages in South Australia; and we published the Disability Access and Inclusion Plan.

**Mr GARDNER:** For 2013-14, there is one listed: can you tell us what that is going to be on?

**Ms MOUSLEY:** The research project is the 2014 state election surveys.

**Mr GARDNER:** Going to page 51 again—we keep going back and forward a bit—in relation to web-based rolls, recommendation 17 of the Legislative Council select committee suggests increasing the use of web-based rolls to detect and prevent multiple voting. The commissioner advised the last estimates hearing that i-rolls had been trialled in by-elections, but rolling them out in general elections would come at some considerable cost, I understand. What progress has the commission made in planning for future use of web-based rolls going forward?

**Ms MOUSLEY:** For the 2014 election, we are having a hybrid of rolls that will be issued in polling places where they have internet access—they have the capacity to be marked off immediately—and those areas that might not have that access will have a controlled environment that is just kept on that device itself and we will also be using paper-based rolls as well.

At this point in time we are looking to use the rolls primarily for issuing declaration votes, because we have not established the full capacity for connectivity within the different regions within South Australia. As part of the inspection of the polling places this time round, we will be asking the polling place managers to take their mobile phones with them and check the signal connectivity and the signal strength so that they have a better idea where we can put these electronic rolls.

There are also other issues with the cost of the hardware that is required and we are looking to share resources from other states. At a recent Electoral Council of Australia meeting that I attended only last week in Sydney, there are three other states who are now buying some 1,500 devices each, but they are not buying those until the end of this year. That is too late for South Australia. So, while we are able to enter into an agreement to borrow some 600 netbooks from Victoria for the issuing of declaration votes for the 2014 election, it is just a tad early to do anything at a higher level.

**Mr GARDNER:** But the expectation is potentially that we will be able to leverage off those other states' purchases for future by-elections and elections?

**Ms MOUSLEY:** In the future, yes, because the trial at the 2012 by-elections worked exceptionally well. It was a very streamlined process and the electors took their easy vote card in with them to the extent that some 80 per cent turned up with their easy vote card, and it sped up the process significantly. So there are quite some benefits in the process.

**The Hon. P.F. CONLON:** I would like to ask the Deputy Premier a question in regard to the Electoral Commission. I wonder if the Attorney could tell me whether there would be much expense or difficulty in contacting each voter by letter to ask them if they want to have a postal vote. That would be everyone on the roll. Could you give us an idea of what the cost and difficulty of that would be?

**The Hon. J.R. RAU:** Do you mean the Electoral Commission doing that?

**The Hon. P.F. CONLON:** Yes.

**The Hon. J.R. RAU:** Perhaps I could hand over to the commissioner on that. Do you have any idea how expensive and difficult that would be?

**Ms MOUSLEY:** There would be a direct cost in mailing to every elector on the roll and that would be a direct Australia Post charge. There would also be charges with envelope costs, mailing costs and production and printing of any other inserts that might be required to explain why applications might be arriving at their address in the first place. I have only just found out recently that there has been an increase in costs for Australia Post effective in mid-July in the range of 5 to 7 per cent on average. So, based on early figures, I would suggest it would be in the vicinity of \$650,000.

**The Hon. P.F. CONLON:** Is that \$650,000?

**Ms MOUSLEY:** That is correct.

**The Hon. P.F. CONLON:** If I can ask through you—

**The Hon. J.R. RAU:** Yes.

**The Hon. P.F. CONLON:** —what would be the better approach? General advertising, mailing the existing list, all that expense; would there be a benefit in that expense?

**Mr GARDNER:** Is this connected to a budget line or to a bill?

**The Hon. P.F. CONLON:** Yes; the budget for the Electoral Commission, and I think he is free to answer it if he chooses.

**The Hon. J.R. RAU:** I can ask, I suppose, whether the commissioner has a view about whether the current—

**The Hon. P.F. CONLON:** It is probably more for you, isn't it, to have that view?

**The Hon. J.R. RAU:** My view, I guess, is that there would need to be a very good reason for that significant additional cost being imposed on the commission. I have not been given to believe that people who are legally entitled to seek and receive a postal vote are being denied that opportunity under the present arrangements. I do understand the case to be that there is to be a registered list of people who, if I am not mistaken, commissioner, you routinely contact each election because they are registered people who are known to meet the legal requirements. Other people, if they come into that category, are obviously free to contact the commission.

**The Hon. P.F. CONLON:** It does strike me that elected members do this work trying to assist people gaining postal votes without cost to the taxpayer. I struggle to understand why anyone would suggest a different system.

**The Hon. J.R. RAU:** Yes. I am reminded by the commissioner, too, that, in order to seek and obtain a postal vote, there is a legal requirement of a degree of hardship. It is not a lifestyle option.

**The Hon. P.F. CONLON:** And, growingly, people seem to treat it as that, I think; that is a very good point. Thank you.

**Mr GARDNER:** I would like to ask a very similar question. The member for Elder asked a direct question to which an estimated funding requirement was announced for a personally-addressed letter to every person on the electoral roll. Can I ask what the cost would be if, rather than a personally-addressed letter to everyone on the electoral roll, it was an unaddressed householder mail piece to houses and post office boxes in Australia or, alternatively, if such information was provided in one of the mail-outs the Electoral Commission already sends to householders and everyone on the electoral roll, for example, in providing the EasyReg cards? What would those costs potentially be? Or we could start with: would that be less than the \$650,000 that was just identified?

**The Hon. J.R. RAU:** Again, I will defer to the commissioner, but I assume that, if there is a piece of material already being posted and it is only a matter of adding a couple of words to it, subject, of course, to whether or not that material, for some other legal reason, cannot have additional elements added to it, but perhaps the commissioner might be best placed to answer.

**Ms MOUSLEY:** One of the concerns is the timing of the issue of the letter. Our Easy Voter Guide that we send out is sent out after the rolls have closed, and it is usually about a week before the election that they will get that letter in the mail. That would be too late for a number of people who might be going away on holidays, in hospital or whatever their case might have been for applying in the first place.

**Mr GARDNER:** And the unaddressed mail?

**Ms MOUSLEY:** The unaddressed mail, we do not have any costs for that. But I would have a philosophical problem with sending out to every householder an application for a postal vote because it would then put my office in a bit of dilemma for people filling out an application for postal vote, we receive it and cannot process it because we are waiting for nominations to close and ballot papers to be available before we can issue, but then the person rings us and says, 'Where's my ballot paper,' and we have said, 'But you're not on the roll; you're not entitled to it in the first place.' I think that creates a bit of an issue for staff in my office to be answering those types of inquiries because we have not established the eligibility in the first instance.

**Mr GARDNER:** Going to Budget Paper 4, Volume 2, page 51, it lists a budget increase of \$9.1 million, which the budget notes has been allocated primarily to fund increased expenses for

the March 2014 election. It identifies, in fact, \$9.3 million in increased expenses, and there is an increase in income of approximately \$180,000. What other services or initiatives are funded by this amount that do not relate to the election?

**Ms MOUSLEY:** Sorry, could you repeat that last half again?

**Mr GARDNER:** It says, primarily, the increased cost is due the state election being held.

**Ms MOUSLEY:** Yes.

**Mr GARDNER:** It might be exclusively, but 'primarily' is the word used there. Are there any other services, and what are they?

**Ms MOUSLEY:** There are no other services; our whole focus in the next year will be on running the state election.

**Mr GARDNER:** Okay. And on what basis is the steep increase in income expected? It is going from \$153,000, as the estimated result this year, to \$331,000 next year.

**Ms MOUSLEY:** The increase is due to the increase in revenue from fees and charges.

**Mr GARDNER:** Okay. I am happy to read the omnibus questions while the advisers are changing, if you like. They are:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2012-13 for all departments and agencies reporting to the minister—listing the name of the consultant, contractor or service supplier, cost, work undertaken and method of appointment?

2. For each department or agency reporting to the minister in 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 minister, 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 minister list the job title and total employment cost of each position (with a total estimated cost of \$100,000 or more)—(a) which has been abolished; and (b) which has been created?

5. For each year of the forward estimates, provide the name and the budget of all grant programs administered by all departments and agencies reporting to the minister, and for 2012-13 provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister—listing the name of the grant recipient, the amount of the grant and the purpose of the grants and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

6. For each department or agency reporting to the minister, what is the budget for targeted voluntary separation packages 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 minister's office as at 31 May 2013 including all departmental employees seconded to ministerial offices and Ministerial Liaison Officers?

**The CHAIR:** There being no further questions to the minister, I declare the examination of the proposed payments concluded.

**INDEPENDENT GAMBLING AUTHORITY, \$1,691,000**

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

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

**Membership:**

Mr Griffiths substituted for Ms Chapman.

Mr Goldsworthy substituted for Ms Sanderson.

Mrs Redmond substituted for Mr Gardner.

**Witness:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Planning, Minister for Industrial Relations, Minister for Business Services and Consumers.

**Departmental Advisers:**

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

Mr R. Persse, Chief Executive, Attorney-General's Department.

Mr P. White, Commissioner, Liquor & Gambling Commissioner and Commissioner for Corporate Affairs, South Australia Consumer and Business Services.

Mr D. Soulio, Deputy Commissioner, Consumer and Business Services.

Ms L. Guerin, Director, Licensing and Registration, Consumer and Business Services.

Mr M. Penfold, Acting Director, Investigations and Inspections, Consumer and Business Services.

Mr K. Della-Torre, Director, Regulatory Policy, Department of Treasury and Finance.

Mr J. O'Daly, General Manager, Consumer and Business Services.

Mr R. Chappell, Director, Independent Gambling Authority.

**The CHAIR:** I invite the Attorney to make any opening remarks he might wish to make.

**The Hon. J.R. RAU:** I have a few things I wanted to say by way of a general, brief overview.

**The CHAIR:** Go ahead.

**The Hon. J.R. RAU:** This is a bit of a snapshot of what has been going on in the last 12 months. First of all, and very significantly, I think, for the agency, there has been the introduction of a new customer service centre. Anybody who hasn't been down there, I would suggest that it is really worth a visit. It is actually a very user-friendly place. It has seen the merging of five other customer service centres across two buildings into one central location at 91 Grenfell Street.

Since its opening in December last year, staff have serviced more than 30,000 customers, 84 per cent of whom have been served in less than 10 minutes, and 70 per cent of whom have been served in less than five minutes. There has been the introduction of a new escalation and conciliation model, including compulsory conciliation, which uses the commissioner's powers under the Fair Trading Act as an everyday tool to help resolve matters. The new model provides for a more efficient and effective dispute resolution service and introduces a 30 business day turnaround time to resolve or escalate matters. The compulsory conciliation model has had an over 80 per cent success rate.

There has been the introduction of a new escalation model from the Advice and Conciliation section of CBS to the Investigations and Inspections section, with a view to achieving voluntary compliance by traders. The model allows a matter that has not been successfully resolved through the compulsory conciliation process to be escalated to the Investigations and Inspections section to implement punitive compliance actions through litigation options available with relevant legislation.

A recent example of this saw the Investigations and Inspections section intervene following a number of complaints about a car hire business. While the conciliation process was unsuccessful in producing a satisfactory outcome for consumers, enforcement action resulted in the trader making an appropriate redress to consumers and amending contract terms to be fair and easily understood.

Also, there has been the introduction of a conciliation model in the Residential Tenancies Tribunal that brings parties together to resolve a dispute through mutual agreement, without the need for a full hearing. As a result, waiting times to have a matter heard before the tribunal have improved dramatically, and the model has had significant success, with resolution of over

75 per cent of matters coming before the tribunal. There has been the introduction of a general code of practice and late-night trading code, both of which aim to encourage a culture of responsible service and consumption of alcohol.

There have also been proactive compliance and enforcement activities, including a swift response to concerns recently surrounding synthetic drugs by introducing an interim ban under the Australian Consumer Law, and prompt action in response to concerns about misleading information relating to the origin of Barossa Ridge Farm eggs, which has resulted in the company ceasing to use the brand, withdrawing the sale of eggs and whisking all of the packages away.

That is a very positive thing that is being done by CBS. I am actually delighted with the way in which they have really made some great achievements in the course of this year. Even as we speak, they have operatives in the field gathering intelligence and surveilling the city to make sure that there are people complying with all of the various things that they require them to comply with. It has been a great year for CBS.

**The CHAIR:** Does the shadow minister have any opening remarks?

**Mr GRIFFITHS:** Just a brief one, if I may, Mr Chair. I appreciated the closing comment there, minister, and I understood the message behind that. I have also been quite grateful for the briefing provided to the member for Waite and me by the commissioner about the activities of CBS. As a process-driven person in my own life, but also as someone who seeks opportunity for improvement all the time, I am cognisant of what the commissioner's focus is and what he wants to try to do within the operations of his department. I will start off on some relatively easy questions though, minister.

**The Hon. J.R. RAU:** Good. Thank you.

**The CHAIR:** If you could refer to budget papers.

**Mr GRIFFITHS:** I shall. All the questions will be on Budget Paper 4, Volume 1, under this area, but this on page 32. In the highlights of the 2013-14 year, where it talks about implementing a new cost recovery model for liquor licensing, can the minister outline what the total revenue raised through liquor licensing fees in the 2012-13 year was, because it is not identified?

**The Hon. J.R. RAU:** I am advised that, to date—and after processing approximately 1,900 applications to reduce fees—\$2.2 million has been collected in annual fees payable for 2012-13, with approximately \$100,000 outstanding. I understand the original budget estimate for 2012-13 was \$3.6 million.

**Mr GRIFFITHS:** To clarify, the reduction from \$3.6 million to \$2.2 million has come about as a result of the 1,900 applications for reduction?

**The Hon. J.R. RAU:** There are a number of factors at work there. There is obviously the \$100,000 outstanding. There are also a number of people who have, during that period, surrendered licences, who were licence holders when the figure was initially budgeted for. There are some who have changed their conditions of licence so that their fee regime has changed. For example, somebody who was trading very late might have voluntarily undertaken a change of condition of licence which meant they fell into a different category in terms of fees.

**Mr GRIFFITHS:** With the different fee structures in place for the timing of their operations, I presume that has created issues within individual businesses and that is why there have been the applications for the changes to occur. How has CBS responded to that? What level of dialogue has occurred with those businesses to help them with that?

**The Hon. J.R. RAU:** I thank the honourable member for that question. If I hand over to the commissioner, he might be able to explain better than me how he deals with those issues.

**Mr WHITE:** Thank you, minister. A lot of work has gone and is going into working with licensees across the state to clarify issues relating to their trading hours and the fees scale. Only a small number are yet to pay their licence fee, but we have communicated via electronic means, by direct mail-out through the industry bodies, whether it is the Australian Hotels Association, Clubs SA, Restaurant and Catering or the Wine Industry Association. There has been a good deal of communication and working with licensees to get this right. I might add that, notwithstanding the fact that there is a penalty provision, given these are early days, I have not proceeded down that path. We are giving licensees every opportunity to fulfil the requirements under the act to pay the fee.



**Mr GRIFFITHS:** In relation to the answer from the commissioner, of the \$100,000 that is outstanding, how many facilities does that represent?

**The Hon. J.R. RAU:** Can we take that one on notice?

**Mr GRIFFITHS:** Sure. I am just wondering how many of these applications for review were not necessarily just in relation to the time of operation, but were a financial hardship one. Was that the case with any of the businesses?

**Mr WHITE:** In response to your question, apart from the matters raised by the minister, we have had 280 applications to reduce fees for reasons other than their trading hours, including 130 applications for reduction in capacity. Every liquor licence is required to have a capacity on its licence under the Building Code of Australia. Fifty were due to financial hardship and 80 were due to having a licence class which is similar to a class below a fee. So there were 50 due to financial hardship.

**Mr GRIFFITHS:** I appreciate the clarification there. Given also that I have asked about the 2012-13 financial year, is there then a projected revenue from liquor licensing for licences in the 2013-14 year?

**Mr WHITE:** Yes, there is.

**The Hon. J.R. RAU:** I am advised that the revised budget is \$3.272 million.

**Mr GRIFFITHS:** Just to seek clarification, if you are looking at about \$1 million in additional revenue, what is that made up of? I presume there are not that many additional facilities there, so how have you calculated that?

**The Hon. J.R. RAU:** I am advised that some of that is carryover from 2012-13.

**Mr GRIFFITHS:** Of the money that is not received of the \$100,000?

**The Hon. J.R. RAU:** There is an expectation: at the moment, as I understand it, we have got \$2.2 million already collected in this year, with \$100,000 owing. It is expected that there will be some of the balance of the money which is another \$1.3 million that will carry over into the next financial year. Assuming we get the \$100,000 that is owed now and we were drawing a line, as we will on 30 June, that is \$2.3 million. The budgeted expected result was \$3.6 million. The 2013-14 year anticipates that some of the unrealised \$1.3 million will come in in 2013-14.

**Mr GRIFFITHS:** On the same reference, Budget Paper 4, Volume 1, my understanding is that the role of the commissioner is to review and consider a complaint, to attempt to conciliate and then to refer to the Licensing Court. I would be interested if that were incorrect. I am interested as to what occurred in relation to the police application that was dated 17 January, lodged to impose conditions on 13 licences around Hindley Street where it is reported that the matter was referred by the commissioner to the Licensing Court without the licensees being notified.

**The Hon. J.R. RAU:** The commissioner, given the matter is still in front of him, probably should not comment on that matter, but I am advised that the initiator of that was SAPOL and it might be that the best place to direct that question would be there.

**Mr GRIFFITHS:** Given the circumstances, I can understand that. If I can ask a general question: as a matter of process within the commissioner's office, on the basis of an application being lodged by, in this case, another authority, there must be the referral back to the commissioner. How long does it sit with the commissioner before it is actioned in some way?

**The Hon. J.R. RAU:** I gather from what the commissioner is telling me that cases vary. Some people are interested in conciliating matters, some prefer the matter to go off to the court, and I gather there is no hard and fast rule about that.

**Mr GRIFFITHS:** I appreciate the minister's answer. I respect the tricky nature of this one. I have to ask a specific question about it, though, when it comes back historically to this: was there a level of dialogue between the police and the commissioner about the identification of the 13 facilities, or was that purely the police's own action?

**The Hon. J.R. RAU:** It would be prudent for me to have a private conversation with the honourable member, if you wish to pursue that matter, because I am wary about what answering that on the public record might involve in terms of matters that are presently alive. I make the offer to the honourable member, if he wishes to have a chat to me and/or the commissioner afterwards, I would be happy to try to give what information I can.

**Mr GRIFFITHS:** So there is a court action for litigation.

**The Hon. J.R. RAU:** There is a process, put it that way, as I understand it. There is a process. At this stage, I understand it is a conciliation.

**Mr GRIFFITHS:** But, minister, there is a process that exists for everything and opportunity for litigation in many areas.

**The Hon. J.R. RAU:** Well, you see the process, if it is successful as a conciliation it ends there and everyone is happy and whatever, but it may not end there. I do not know. I am just wary of wandering into stuff that is already inter partes.

**Mr GRIFFITHS:** But my question about the dialogue that I thought would have occurred between the commissioner and the police, that is too tricky to talk about, is it?

**The Hon. J.R. RAU:** The commissioner can answer for himself. I have not had the dialogue, so I can tell you absolutely I have not spoken to anybody about this particular matter. I am just wary. I do not want the commissioner to be in any way compromising due process or anything else but, if he is comfortable in answering any of that, well, I am relaxed about that. I will leave it with the commissioner.

**Mr WHITE:** To clarify the issue, I can say to you that my office does work with South Australia Police and in particular the Licensing Enforcement Branch of the police department. We do conduct joint operations. At some point last year there was a focus on liquor licences within the CBD; however, the 13 licences that you referred to—and the complaint was initiated by South Australia Police on their own initiative, at their discretion; it was their decision.

**Mr GRIFFITHS:** Sorry, but was the action by the police based on the investigation that they themselves undertook or the investigation that your office was involved in?

**Mr WHITE:** It is not an answer that I can be precise on because we work on an ongoing basis with South Australia Police and we have conducted joint operations across the state including the CBD, but at some point in time South Australia Police elected to lodge complaints against the 13 licences.

**The Hon. J.R. RAU:** If I can just add to that, as I understand it, the commissioner has operatives in the field all the time, as do the police. It might well be the case that there is an individual matter which might have contributions from one or other or both.

**Mr GRIFFITHS:** Minister, this is my final question on this area. I understand the relatively sensitive nature of it, and it is not my position to form a judgement on the suitability of anybody who holds a licence, but it has been proposed to me by others that there were other venues where questions might potentially have been raised also. That is why there was the question of why those were not included and the question of why some of the 13 were included, too. I am just interested in clarification on what level of research was undertaken.

**The Hon. J.R. RAU:** Given that SAPOL apparently were the people who have initiated this process, I guess the proper people to ask that question would be them. But can I say this: I would encourage anybody who is of the view that there are people who are the holders of licences and who are not fit and proper people, to notify the commissioner—this commissioner, I mean (Commissioner White)—immediately, because I know he takes a very dim view of people not respecting the law. He is very keen and he has demonstrated the fact that he is very keen to make sure premises are run responsibly and that there is observance of the codes, licence conditions and various other things which are there to enhance public safety.

To come back to the question the honourable member was asking, if the honourable member has any information to suggest that there are other venues which have questionable conduct or questionable licensees, I would encourage the honourable member, or whoever is advising him or giving information to him, to please contact the commissioner. These contacts can be made on a very discreet basis, and I am pretty confident he will deal with that information very quickly.

**Mr GRIFFITHS:** Thank you, minister and commissioner. I might go to a different question area now, still within Budget Paper 4, Volume 1. With inspections of licensed premises, particularly those that are high-risk inspections, I am interested as to what would be the hours of the inspection actually taking place. Is it across the full 24-hour span or is it focused on a particular eight-hour section?

**The Hon. J.R. RAU:** I will hand over to the commissioner, but, as I have mentioned before, the commissioner does have operatives in the field at any time. You never know, when you are out there at a venue, whether the person standing next to you is, in fact, one of their staff—it is very much like that.

They do conduct—I know, because they provide me periodically with reports—operations which are focused operations. Sadly for me, they never agree to use any of the names I would like them to use for the operations. I have never been able to persuade them to do that. Anyway, perhaps the commissioner can—

**Mr GRIFFITHS:** Minister, after seeing the titles of some of the reports you have previously presented to the parliament, they would be quite creative, I can imagine.

**The Hon. J.R. RAU:** I thought they weren't bad. I have tried to get them to have an Operation Treadstone and an Operation Blackbriar because Matt Damon was involved in a film where those two names were used, but I have had absolutely no luck at all. Anyway, I will hand over to the commissioner.

**Mr WHITE:** Thank you for the question. I am pleased to be able to advise you that Consumer and Business Services has a proactive business operating model for the inspection of liquor licences, and also gaming machine licences, across the state. This particular model has a structured approach. It commences with a self-assessment by licensees. So, we recognise that licensees need to take accountability for their operations and we encourage them to do that. We have a self-assessment checklist on our website.

From our point of view, we do task force operations, we do risk-based operations and we do thematic operations. Those operations are conducted at any hour of the day or night. I can perhaps give you one or two examples. Recently, in the Riverland, we conducted an operation involving both liquor licensing and gaming machines. It involved a covert operation on the Friday night.

**The Hon. J.R. RAU:** Did it have a name?

**Mr WHITE:** Operation Orange, I think it might have been.

**The Hon. J.R. RAU:** You see?

**Mr WHITE:** The intent was to go in without announcement and make observations of non-compliance with the Liquor Licensing Act or the Gaming Machines Act and then on the Saturday return, announce their presence and conduct a more formal inspection. That was at night-time. Then on the weekend, on the Saturday, we focus on annual major events. We focus on a whole range of issues. We do prioritise investigations relating to the nature of the venue, its hours of operating, its capacity, whether or not it has entertainment, and the like.

Another good example was Operation Coin. This was a gaming machine operation, where we conducted a thematic inspection of 90 licensed premises over the course of one or two days in April this year to gain some information about the licensees' knowledge and understanding of the codes of practice. Given the outcome of that particular inspection, we then went back and did another 65 licensed venues in one day a week or two ago, to again measure that level of compliance.

As the minister said, we work seven days a week, at any hour of the day or the night. On Saturday just gone, we undertook a task force operation of karaoke bars in the CBD in relation to issues around responsible service of alcohol. One other one that I have just been reminded of is a Casino task force operation that had a continuous presence at the Casino for 32 hours to look at all aspects of its operation. I can confidently state to you here today that it is an extremely proactive and dynamic model aimed not just at identifying non-compliance, but also educating licensees.

**The Hon. J.R. RAU:** Can I say also, just as a supplement to that, as I said I was not able to get my preferred name, Treadstone, up, but a while ago we had Operation Limestone, where work was done down in the South-East, again looking at things.

**Mr GRIFFITHS:** Which is an obvious name to use.

**The Hon. J.R. RAU:** I know. We are trying to do better. The point is, there is work going on all the time and I get periodic reports. I do not see all of the material, because that would not be appropriate, but I get summaries of the findings.

**Mr GRIFFITHS:** Through the minister, I appreciate the detailed answer from the commissioner also. You referred to task force operations. I am interested that in the 2012-13 year I

think there were 25. How many penalties or conditions were placed on licensees as a result of those operations?

**Mr WHITE:** Thank you. While I do not have the figures in front of me, we generally take an educative approach. If we find a licensee non-compliant on a first occasion we will warn them, but revisit the premises to make sure that they are compliant. Apart from that, we can issue expiations or take disciplinary action, but I do not have the figures before me as to those statistics.

Quite apart from the task force operations, there are other instances where information comes before me where I can elect to call the licensee in and have a discussion about whether or not conditions ought to be imposed on their licence. In some cases voluntary conditions are placed on licence; on other occasions I have the ability to impose conditions on a licence if it relates to public order or public safety.

**Mr GRIFFITHS:** I could have more, but this is my last question on this one, liquor licensing. With the late night co-proposal, is there an intention to employ more inspectors? If so, how many, and at what additional cost?

**The Hon. J.R. RAU:** That is an operational matter and I will probably defer to the commissioner. My understanding, though, is that as the commissioner has already explained he has operatives in the field all the time and it would be their intention to police this matter. I do not understand there to be any particular additional staff required or set aside in the budget as a result of that.

**Mr GRIFFITHS:** So it is just an allocation of existing resources to be able to comply?

**The Hon. J.R. RAU:** Are you talking about additional resources in this particular budget?

**Mr GRIFFITHS:** For 2013-14, minister.

**The Hon. J.R. RAU:** There are none in this particular budget, but I should point out that, there was funding approved from 1 July 2011 for an additional five FTEs in anticipation of both the general code and the late-night code, and from 1 July 2012 for an additional four FTEs for CBS, and that related in particular to compliance and administration in relation to annual fees. So, yes, there are additional staff, but not in this budget. They are already in the system; they are already out there in the field.

**Mr GRIFFITHS:** Changing to page 34 of Budget Paper 4, Volume 1 concerning dispute resolution, I note that in targets for the 2013-14 year, you identify at dot point 2: 'Continue consumer protection in relation to building indemnity insurance'. I am interested to know what your department is doing.

**The Hon. J.R. RAU:** I think this is a matter that minister O'Brien as finance minister has had the primary carriage of, but I am advised that, at the moment, QBE will manage premiums and claims on behalf of the government for a 12-month period as from 1 July 2013. I do not believe there is any determination as yet what will happen beyond that point, but there is continuity of insurance cover presently and it is budgeted for the 12 months ending 30 June 2014.

**Mr GRIFFITHS:** Minister, I do respect the lead role that minister O'Brien has taken in this but, as it was in your departmental area, I just sought some clarification on that.

**The Hon. J.R. RAU:** Yes.

**Mr GRIFFITHS:** Just as a continuation of dispute resolution, is there a relationship that exists with the Small Business Commissioner and are there referrals made by Commissioner White's office?

**The Hon. J.R. RAU:** I will let the commissioner take that.

**Mr WHITE:** In answer to the question, we do work with the Office of the Small Business Commissioner and from time to time refer matters to that office.

**Mr GRIFFITHS:** Off the top of your head, Commissioner White, do you have a detailed number of issues referred to him?

**Mr WHITE:** I am advised that, where it is a business-related matter, there has only been a handful. We do not have the numbers.

**Mr GRIFFITHS:** I honestly thought there would be a lot more than that, given that he was set up to be the resource for that. That is interesting.

**Mr WHITE:** I can only assume that the office has been sufficiently marketed to retailers and traders alike.

**Mr GRIFFITHS:** Minister, given that we only have a few minutes left, with Mr Chappell here, it would be terrible if I did not ask a question about gaming at all.

**The Hon. J.R. RAU:** I am sure Mr Chappell would be delighted to step forward, if you have questions for him.

**Mr GRIFFITHS:** No doubt you can provide the answer to it. I refer to page 33 of Budget Paper 4, Volume 1. Can the minister provide an update following the gaming machine trading round 3, including how many entitlements were sold, the purchasing and selling price and the number of entitlements that were cancelled?

**The Hon. J.R. RAU:** This one, I think, is not actually for Mr Chappell; it is more for the commissioner again, wearing another one of his many hats. You were asking about the success or otherwise of trading rounds.

**Mr GRIFFITHS:** Yes, and the numbers involved and the prices of the transfers.

**The Hon. J.R. RAU:** I have a bit of information here. The new version of the trading round system began in January 2011. The first gaming machine entitlement trading round occurred on 14 June last year and resulted in a modest 13 entitlements being cancelled. In November 2012, there was another trading round. Submissions of offers to purchase or sell entitlements closed on 21 December last year. On trading day, which was 31 January, the commissioner calculated prices to be paid, and sellers determined which offers to buy or sell were successful.

Successful purchasers paid \$60,000 plus GST per entitlement, and sellers received \$45,000 plus GST. There were 116 gaming machines sold, with three gaming machine entitlements being transferred to club 1. In accordance with the government's objective to reduce the number of gaming machines, one in every four entitlements sold by hotels must be cancelled. As a result of trading round No. 2, there was a reduction of 25 additional machines.

**Mr GRIFFITHS:** We are gradually whittling down the 3,000 that were outstanding, minister?

**The Hon. J.R. RAU:** We still have 770 to go—very slow; extremely slow.

**Mr GRIFFITHS:** And it has been for a few years.

**The Hon. J.R. RAU:** And it has been for a few years, which is why there is an attempt presently in another place to create a market because the lack of demand in the present system is the fundamental weakness. As I have said, if you have people you know in that place who you can encourage to do the right thing, we will solve this problem together.

**Mr GRIFFITHS:** Thank you for the tip, minister. Trading round 3, which was 13 June, so it is quite recent; I am interested in that figure.

**The Hon. J.R. RAU:** Trading round 3 was 13 June. and 35 venues lodged applications to sell 311 entitlements, and 14 venues lodged applications to purchase only 45. You see, it is the same problem: it is the demand end of the equation that is the big problem. Successful purchasers will pay \$51,916.67 plus GST per entitlement, and sellers will receive \$38,937.50 plus GST.

So, this will sell 57 entitlements, with nine being transferred to club 1 and six will be cancelled. Again, these numbers are making extremely slow progress. I am personally disappointed about all of this. I would like to see that target hit much more quickly, but with no purchasers in the marketplace, for whatever reason, and various other things, it is slow going.

**Mr GRIFFITHS:** Minister, given the slowness, has your department or previous minister or have you done any work on work that is occurring around the world for similar trade options to exist where a reduction in numbers is required or where better options might exist?

**The Hon. J.R. RAU:** I haven't. I think it was before the honourable member came into this place, but I know that the member for Heysen would recall this and the member for Kavel would remember this as well. There was an instance here where there was a substantial amendment to the gaming machines legislation, back in 2004, I think, or thereabouts.

**The CHAIR:** I was the minister.

**The Hon. J.R. RAU:** Mr Chair was the minister. It was, I think, on all sides a conscience vote. I recall being in this place for a very lengthy period of time, into the early hours of the morning—

**Mr GOLDSWORTHY:** Quarter to five.

**The Hon. J.R. RAU:** Yes—and people from the various lobby groups were trawling through the corridors and buttonholing people. I am pleased to say that I was one of the 11 recalcitrants who voted against all of these what I then regarded as absurd proposals—and were I to have my time over again, I would do exactly the same thing. But it is there. I saw the great mischief in this whole thing being the creation of an artificial property right out of nothing and giving it to somebody. Before this crazy scheme was cooked up, what used to happen was that the machines were locked into a venue: so you would buy or sell a pub, but the machines had no separate—

*An honourable member interjecting:*

**The Hon. J.R. RAU:** It wasn't Mr Chair's fault. I do not quite know who thought it up. All of us made our views known about the matter—

*Members interjecting:*

**The Hon. J.R. RAU:** Oh well. Anyway, can I say this: what we created late that night—incidentally, that is where all this Club 1 and other interesting phenomena—they had arrived at about 3 o'clock in the morning, as I recall. Previously you had a pub with X machines in it, and if they sold the pub, the machines went with the pub; if they did not sell the pub, they could not sell the machines separately.

What we did was to say that each person who currently has a machine, we now give you a thing called a gaming machine entitlement, which you can now sell separately from selling the pub—you are creating a property right. So, we made these people very wealthy. The point is, having done that it is very hard to unscramble that egg, because these people then have been given a capital injection by reason of the largesse of this place.

They have then gone on using that notional capital to the bank and said, 'Using this notional capital, I would like to be capitalising my assed; I would like to be able to build this and that and something else,' which they have done. To unscramble that egg is, I think, very difficult. For better or worse, I think we are the process that we are on. But, having said all of that, if the honourable member can come up with a way of solving this problem, I would love to hear it.

**The CHAIR:** Does the member have one last question? I am mindful of the time.

**Mr GRIFFITHS:** I do. It relates to the same area, minister, and refers to the fact that the Casino has had 1,600 compliance assessments undertaken, but for inspections of gaming venues there have been 620. Why is there such a concentration within the one facility, compared to the 620 for across the whole state?

**The Hon. J.R. RAU:** I will just check with the commissioner on this; do you want to comment on that? What page was it?

**Mr GRIFFITHS:** Page 30, right down the very bottom—the 'Gaming and Casino' section.

**Mr WHITE:** In answer to the question: the criteria for inspecting gaming in liquor licensed premises other than the Casino are slightly different from the Casino. The Casino clearly has a different type of gambling environment, including table games such as baccarat, etc., so the count is a different definition, and so that is the variation. The point I would like to make is that each and every one of those 600 gaming venues is inspected every year.

**The CHAIR:** There being no further questions to the minister, I declare the examination for the Independent Gambling Authority completed. There being no further questions to the minister, I declare the examination of the proposed payments for the Department of Treasury and Finance and Attorney-General's Department adjourned until later today.

*[Sitting suspended from 12:48 to 14:00]*

**ATTORNEY-GENERAL'S DEPARTMENT, \$85,898,000**  
**ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$107,276,000**  
**DEPARTMENT OF THE PREMIER AND CABINET, \$95,827,000**  
**ADMINISTERED ITEMS FOR THE DEPARTMENT OF THE PREMIER AND CABINET,**  
**\$7,930,000**  
**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 Griffiths.

Mr Williams substituted for Mr Goldsworthy.

Mr Sibbons substituted for Ms Thompson.

**Witness:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Planning, Minister for Industrial Relations, Minister for Business Services and Consumers.

**Departmental Advisers:**

Mr G. McCarthy, Chief Executive, WorkCover Corporation.

Dr J. Oakley, General Manager, Corporate Services, WorkCover Corporation.

Mr D. Quirk, Director, Financial Services, WorkCover Corporation.

Mrs J. Hunt, Acting Director, Government Relations, WorkCover Corporation.

**The CHAIR:** I declare the proposed payments open for examination and I invite the Attorney-General to make an opening statement and to introduce his advisers.

**The Hon. J.R. RAU:** Thank you very much, Mr Chair, and welcome to the new participants in the committee. I don't propose to say anything by way of opening remarks.

**The CHAIR:** Does the shadow minister wish to make an opening remark?

**Mr WILLIAMS:** No, I think we can move straight to questions.

**The CHAIR:** Okay. You are in order.

**Mr WILLIAMS:** Thank you, Mr Chairman. Last year, then minister Snelling told the committee, and I quote—

**The CHAIR:** Which budget line?

**Mr WILLIAMS:** Budget Paper 3, pages 101 and 167 is where the word WorkCover appears.

**The CHAIR:** We know where it appears but we want to make sure your question comes from the budget line.

**Mr WILLIAMS:** Absolutely, sir. And I quote:

With regard to the funded liability, it is important to look at what the drivers are for the underfunded liability. As a whole, the performance of the actual scheme has been pretty good and has improved.

He went on to further say:

The drivers of the unfunded liability have been basically the reduction in the discount rate.

I remind the committee that was on 21 June last year. When WorkCover's Annual Report was released some months later, the picture to the end of June (only several days later) was markedly different from that description. In fact, the Auditor-General's Report put it thus:

The audited financial report for the WorkCover corporation for the year ended 30 June 2012 shows a significant deterioration in the WorkCover Scheme's performance. This is due in most part to the significant increase in the outstanding claims liability for the compensation fund.

Can the minister reconcile these two views—that is, the then minister's contention that the scheme's performance had improved and was not responsible for the growth in the unfunded liability, compared with the Auditor-General's statement that there had been a significant deterioration in the scheme's performance?

**The Hon. J.R. RAU:** If I'm not mistaken, the honourable member is asking me a question about last year, not this year, and I am not really sure that is actually relevant but, having said that, I would like to make a few remarks about WorkCover. There is, in my opinion, no doubt that WorkCover has had some issues that require attention, and I have been giving attention to those matters since I became Minister for Industrial Relations, when I became responsible for oversight of the WorkCover scheme in January, or thereabouts, this year.

I expect that members might recall—or perhaps not—that earlier this year I made a public statement to the effect that there was a project being undertaken, which we have been referring to as the WorkCover Improvement Project, that I expect will shortly be the subject of public discussion. When that occurs—which I expect to be in the not-too-distant future—there will be an opportunity perhaps to canvass some of the matters of detail and a little more. However, having said that, the way I would characterise the present situation with the scheme is something like this—

**An honourable member:** Titanic?

**The Hon. J.R. RAU:** No. I would characterise it something like this: if you imagine the WorkCover scheme as some sort of object—a pipe, perhaps—with an entry point, a length of tube behind that and an exit point, there are three potential places where the scheme can run into difficulty, and all of them are interactive. I stress that I am using an inanimate object here.

**Mr WILLIAMS:** I was confused about that.

**The Hon. J.R. RAU:** This is an inanimate object: it is a pipe. The first point of control is how much actually gets into the front end of the pipe in the first place. In the context of WorkCover, that is a complex question, because it is partly a function of statutory measures but it is also partly a function of the way in which those measures are applied, enforced or policed, and that is a matter that needs to be considered.

The second point is: once something passes the entry point and becomes lodged somewhere inside the pipe, how long does it stay there? Indeed, does it ever emerge? In the context of things in the pipe, there are questions about how long it takes for those things to be identified, how long it takes for those things to be dealt with under the statutory regime and how effectively they are dealt with. Then, of course, the final bit is the exit from the pipe at the other end. How quickly do things exit and does everything that goes in one end ultimately come out the other?

All three of those elements of the scheme are a complex interaction between legislative provisions, culture and supervision, and they involve a great many people, not just individual people who can be easily identified; they involve individual workers, individual employers, people who provide services to those workers and those employers, and people who provide services to WorkCover in the form of claims agents or whatever else they might be. It is a complex situation with many moving parts. If I can move to another analogy, it is bit like a Rubik's cube; you cannot really move one plane and expect that to solve all of your problems; it is an interactive, many-faceted matter.

**Mr WILLIAMS:** I apologise for continuing to refer to what the committee was told last year, because I am getting the impression—and I might ask you to actually respond to my impression—that you do not necessarily share the views that were put to the committee on behalf of the government last year. Last year, the then minister told the committee this:

Obviously fully funding the scheme is going to be driven very much by the changes to the discount rate and the effect on the unfunded liability. I do not have any way of controlling the discount rate. If the discount rate continues at historic lows then it will take some time. We are seeing improved performance of the scheme as a result of those legislative changes and we expect further improvements to the scheme as a result of the legislative changes that I put through the parliament in December last year.

Notwithstanding that, the Auditor-General, in his report on the scheme to 30 June last year, pointed out that there has been an increase in the estimate of the net outstanding claims liability of some \$662 million of which he attributed only \$343 million due to changes in the discount and inflation



rates, meaning that there was a \$319 million increase in the outstanding claims liability due to other factors. The previous minister said that the performance of this scheme was improving; it is hardly what I would call improvement. Do you still claim that the legislative changes back in 2008, and then more recently in December of 2011, have worked; and minister do you accept now that the scheme needs a major overhaul?

**The CHAIR:** Which budget paper are you referring to?

**Mr WILLIAMS:** Budget Paper 3, pages 101 and 167.

**The CHAIR:** And that talks about the quotes that you are referring to?

**Mr WILLIAMS:** It talks about WorkCover in very general terms.

**The Hon. J.R. RAU:** As, indeed, your question canvasses WorkCover in very general terms.

**Mr WILLIAMS:** Absolutely.

**The Hon. J.R. RAU:** First of all, can I say I am not agreeing or disagreeing with my previous quotes on the topic other than things that I have said previously on the record about this, which I think extend as far back as about January of this year. I do observe though that my earlier answer was incomplete to the extent that it did not fully acknowledge the previous minister's quite valid point: that investment performance, including discount rates, is capable of producing a positive or negative impact on the unfunded liability figure which attaches to the scheme.

The unfunded liability, as members would be aware, is a notional number which is calculated by reference to a number of what I would probably call 'contingencies', some, or many, or most of which may or may not ever arise. It is a notional number which has a meaning from the perspective of an actuary or somebody who is comparing one unfunded liability number with another. It does not translate directly to something that you or I might understand to be a mortgage, for instance, which is a debt.

So I do agree that the previous minister quite properly referred to the performance of the investments and, in particular, the discount rate in giving some account for the performance of the scheme. I have been looking at the 2010 amendments—amongst others, I might add—quite carefully over the last few months. I have formed some views about a number of provisions of the legislation which I will be making public very shortly after I have had the opportunity of discussing that with my colleagues.

I think the last part of your question was about whether the scheme needed to improve. I am not sure whether you talked about its needing amendment in a statutory sense or whether it needed improvement, but can I say without being particular about any method there is no doubt in my mind, having had a look at the scheme, that it should and must improve. But can I say—

**Mr WILLIAMS:** We are in total agreement there.

**The CHAIR:** The minister has the call.

**The Hon. J.R. RAU:** Yes. But in saying that, I am deliberately not being prescriptive about the methodology by which that will be achieved because, as I tried to explain earlier, I believe that anybody who believes that some inspired legislative intrusion into the legislation is going to eliminate that unfunded liability in short order is either completely wrong or far brighter than anyone I have ever had the good fortune to speak to on this topic.

**Mr WILLIAMS:** Minister, can you update the committee on the government's current attitude towards redemptions? We have seen in the term of your government a changing attitude towards redemptions.

**The Hon. J.R. RAU:** Yes.

**Mr WILLIAMS:** We have gone from the point where a couple of years ago after the 2008 legislation where redemptions were used extensively to cut the long-term tail of those on income maintenance under the WorkCover scheme—

**The Hon. J.R. RAU:** Yes.

**Mr WILLIAMS:** —and then we have basically seen the board take the position where there will be virtually no redemptions and their use is incredibly limited. People in the industry have said to me that redemptions are one of the few ways that we can control the long-term tail. I am just wondering, the government has had a go at not using redemptions then using redemptions

extensively and now gone back not to using redemptions. What is the current attitude towards redemptions from the government?

**The Hon. J.R. RAU:** I thank the honourable member for that very important question. The issue of redemptions is an issue which has two interacting factors driving it. One is the legislative framework—that is, in what circumstances does the legislation permit a redemption to occur? Then the other is the policy adopted from time to time by the board of WorkCover which is whether they choose as a matter of policy to use whatever facility is available to them under the legislation to redeem particular claims.

From a legislative point of view, the present scheme does permit redemption in circumstances which I understand are prescribed by the section. I will let Mr McCarthy talk in more detail about this in a moment but I want to give you the oversight. It permits some redemptions but, if you go back to the Clayton review, which was the underpinning thinking behind the 2008 amendments, if I recall correctly—and I remember having discussions with Mr Clayton about this matter.

There was a philosophical underpinning to much of what Mr Clayton thought and it involved the idea of—this is my terminology, not necessarily his—breaking the redemptive philosophy or culture. His view was that, once there had been a period where people were accustomed to being redeemed, the incentive that is in the system for people to become candidates for redemption, if they expect that it is going to result in a payout, would be eliminated and, therefore, a number of people who would otherwise have been lingering in the system and clogging our imaginary pipe up, and trying to get into our imaginary pipe in the first place for the explicit purpose of doing that, would be deterred.

I will be having a bit to say about my opinion about that shortly, as I foreshadowed, but I can say that there is, from a legislative point of view, an opportunity for redemptions to occur and the predominant factor in that is not the attitude of the government: it is the attitude of the board and WorkCover itself. I will perhaps ask if Mr McCarthy wants to add to that.

**Mr McCARTHY:** Thank you, minister. At the moment, redemptions are allowable in the scheme in certain circumstances. Those circumstances are where the rate of weekly payments to be redeemed does not exceed \$30 a week, where the worker must be 55 years of age or over and have no current work capacity, or it is in the best interests of the worker from a psychological and social perspective and a joint application is made to the tribunal on that basis by the worker and the corporation and approved by the tribunal. So, there is limited access to redemptions in the scheme at the moment.

I have been around these workers compensation schemes for quite a long time and, whilst I am not from South Australia, I have had quite a bit of experience here in this South Australian scheme. There is no doubt that all of the evidence supports that, used unwisely, redemptions actually drive up the cost of schemes and significantly drive a lump sum culture. That is not to say there is no place in workers compensation schemes for redemption, but, if they are to be used, they are to be used in a very strategic and disciplined way after all of the return to work and rehabilitation prospects on a claim have been exhausted.

I think, if we look back at the way redemptions may have been used in the past, it was often as an administrative expedience which tended not to exhaust those opportunities and, as a result, has contributed to the increase in the unfunded liabilities because it took the focus away from return to work. So, the objective at the moment is to bring that focus back very strongly towards early intervention and to have that secured back into the scheme. When that has been successfully achieved, that is when appropriate and strategic use of redemptions, I think, is appropriately considered.

**The Hon. I.F. EVANS:** Just following on from that answer, can the minister advise how many redemptions were paid out in the last 12 months?

**The Hon. J.R. RAU:** I expect it will be a handful, but I will check.

**Mr McCARTHY:** Approximately three.

**The Hon. I.F. EVANS:** Three? So, redemptions are available in the scheme and there are three a year. Can the minister take on notice for us the amount of redemptions paid out each year for the last 10 years?

**The Hon. J.R. RAU:** Yes, I can.

**The Hon. I.F. EVANS:** Thank you. Can I just say this, because this is an important topic: as I said before, I have views about this aspect of the scheme and, shortly, I will be very happy to share them publicly with people. But there was a time not that long ago when claims agents were encouraged to redeem as many claims as possible by, for example, 30 June.

**The Hon. I.F. EVANS:** At the government's instruction?

**The Hon. J.R. RAU:** Indeed. I am just saying that the policy in respect of redemptions has moved around. At one point in time we had a policy where people were almost given quotas to try to get people redeemed by a certain date. That did not end well. We now have another prevailing view, which sees three people redeemed in a year. It seems to me, without giving anything away, the answer to the question is obvious. That is probably all I can say presently about whatever the policy is, because we are in the processes.

**Mr WILLIAMS:** On the same theme then, two points come from the answer. One was, you said that the current policy is the board policy, not necessarily the policy of the government. I think I am right in saying that the board is subject to your direction from time to time. You have the power to direct the board?

**The Hon. J.R. RAU:** Yes, I do. I have the power under the act to issue a ministerial direction which must be in writing and must be published. To my recollection, the only time I know of, I think the Chair in a former incarnation did something along those lines once, many years ago. To the best of my recollection, that is the only time it has ever been done, but I could be wrong.

**Mr WILLIAMS:** I just ask if you acknowledge the use of redemptions as recently as two years ago, with the then chief executive of WorkCover telling last year's estimates committee that with regard to EML (the claims agent). '...it certainly has delivered in relation to the redemptions'. He went on to say, 'EML did an appropriate strategy around the redemptions which actually dealt with a significant portion of the liability that existed'. So it was deliberately used and I think you just said that it has created a problem. The then chief executive told the committee last year that the redemption strategy as handled by EML had done what it had set out to achieve.

**The Hon. J.R. RAU:** Without being privy to the whole of the estimates *Hansard* from last year, I cannot say exactly in what context the former chief executive made those comments, but what I can say is that, as I have already said, views in relation to the use of redemptions vary considerably amongst people of goodwill and apparently people of considerable knowledge in this area, and the philosophy, or the approach, of the WorkCover board has been what has actually determined exactly what the claims agents are instructed to do, because they are the agents of the board or the corporation.

If you set KPIs for your claims agents, whereby they are rewarded by ringing a particular bell, then I am reasonably confident you are going to get that bell rung quite a bit, and if you conversely say not ringing this bell at all is going to fill your pockets with whatever, then I think not ringing the bell is likely to happen. It all comes back to the policy of the board as administered by the corporation. The claims agents are no more than people doing a service, contractors performing a service to the board.

**The Hon. I.F. EVANS:** Just on the same line, with regard to redemptions, is it true that when someone is paid out a redemption that that does not finalise the claim, that there is still under the act provision for those who have received redemptions to come back and make further claims against the agency or against the fund?

**The Hon. J.R. RAU:** It would depend on a number of factors. I will give you an example. If a person winds up being redeemed, then they go off and get another job and, in that job, they get their arm chopped off or something, then that might well be a new, completely separate compensable event.

**The Hon. I.F. EVANS:** I meant for the redeemed claim. Having received redemption for a particular claim, can they come back to the fund and make another claim for the redeemed claim?

**Mr McCARTHY:** Essentially what can happen is that, if it is for the same injury, if they were redeemed on the basis that they were receiving, say, \$600 a week and they have a new job where they have been injured with essentially the same injury, then the redemption would only allow them to claim any difference that there might be. Let us say they were now earning \$800 a week, then they could claim the difference, but they could not claim the full amount.

**The Hon. J.R. RAU:** In other words, if the basis of the calculation of your redemption is, in that example, \$600 a week and it entitles you to \$50,000, for argument's sake, and then you

subsequently return to work, and the same injury occurs again or incapacitates you but you are earning, in the example, \$800 a week, you have already redeemed the first \$600. If you were to satisfy all the tests required for yet another redemption, you are deemed to have redeemed the first \$600 already, so the redemption that you would be calculating, as I understand Greg's comment, is the balance, that bit left over.

**Mr McCARTHY:** Or in terms of weekly wages, it would be the difference. What I would like to do for you, because I am actually only new here in South Australia, is to absolutely confirm that my understanding of that is correct, but it is my understanding that that is the correct situation.

**Mr WILLIAMS:** Just on that, I understand that the industrial tribunal handed down a judgement several days ago, earlier this week, in the Mericka case. Are you satisfied that that case does not continue to pose a potential problem for the scheme?

**The Hon. J.R. RAU:** The only information that we have here about that matter is that apparently, on 25 June, the full bench referred that matter for judicial determination by a presidential member of the tribunal, which means, as I understand it, the matter is still alive and in the jurisdiction.

**Mr WILLIAMS:** We will move on—same budget line; in fact, all of my questions will come from the same budget lines. Minister, the Australian Prudential Regulation Authority sets a 75 per cent probability of sufficiency as the minimum under its Prudential Standard GPS 310. The South Australia Motor Accident Commission uses an 80 per cent probability of sufficiency on its fund. Most Australian work injury insurance schemes use the 75 per cent, according to our state's Auditor-General. WorkCover is not bound by the Australian Prudential Regulation Authority and uses a 65 per cent probability of sufficiency.

WorkCover's most recent annual report to 30 June (12 months ago) notes that, if the probability of sufficiency percentage was raised from 65 to 75 per cent, the net outstanding claims liability would have been some \$143.9 million higher at 30 June 2012, obviously giving an unfunded liability of at least that much higher. Why does the government allow WorkCover to use a probability of sufficiency percentage substantially lower—it is at least 13 per cent lower—than considered prudent by the national insurance regulatory authority?

**The Hon. J.R. RAU:** I will let Mr McCarthy give some further information about this. As I understand it, that number has been the prevailing number for some years; it is not something that has just occurred in the last five minutes. There are some difference, obviously, between this scheme and a general insurer. I do not know whether Mr McCarthy can add anything much on that topic.

**Mr McCARTHY:** As I understand it, the 65 per cent prudential margin has been imposed for quite some time; I am not privy to what it was before the 65 per cent came in. Essentially, as you have said, APRA does require private insurers to hold prudential margins of at least 75 per cent.

I think that, typically, statutory schemes tend not to do that, or have not always done that, unless they are in a strong funding position, where they might do that to keep the money in reserve because of the uncertainty of the scheme. If a scheme was very strongly in a surplus, they might hold stronger prudential margins as a safeguard against the uncertainty of those schemes. But, typically, when they are underfunded, they tend not to do that, and that has been my experience in a number of jurisdictions around Australia.

**Mr WILLIAMS:** Minister, given that the WorkCover Corporation charter states:

The Government expects the WorkCover Board to uphold its fiduciary duties in the annual setting of the average premium rate. The Government expects that the scheme should be fully funded as soon as practicable, having regard to the above objective.

why does the government continue to allow WorkCover to set an average premium rate which is clearly lower than that required to have the fully-funded result for the relevant year, let alone rein in the accumulated unfunded liability?

**The Hon. J.R. RAU:** That, again, is a very good question. The honourable member has turned the committee's attention to one of the instruments that sits in the WorkCover scheme, namely, the charter. One of the things that has exercising my mind recently has been what the appropriate function of that charter might be and how it might be best enforced. So, that is a matter under consideration. I do not think that I can say much more about that presently.

**Mr WILLIAMS:** Minister, how is it that the board of WorkCover has set an average premium rate for the ensuing year at 2.75 per cent when the actuarial advice to the board is that, on the best information available in December 2012, the fund would require an average premium rate of 3.37 per cent to fund the expected claims for the 2013-14 year only? So, we have a scheme that is—

**The Hon. J.R. RAU:** I understand the question. I am not sure of the exact document to which the honourable member is referring.

**Mr WILLIAMS:** To help the minister, I am referring to the Finity actuarial report dated December 2012, which was provided to WorkCover and which, I understand, forms the basis of advice which they used to set the average premium rate for the ensuing year.

**The Hon. J.R. RAU:** Without having the relevant document in front of me, can I say that the board has a responsibility to manage the scheme. The board considers advice from various quarters, including actuaries. Actuaries are interesting people, in my experience; they are a bit conservative about a great many things, which quite possibly is a good thing.

I guess you might say if Lehman Brothers had been equally conservative the world would have been a happier place for the last few years. But, just because the actuary, based on certain assumptions embedded in their actuarial calculation, comes to a particular conclusion it does not mean that that conclusion automatically becomes a substitute for a determination using its independent judgement by the board. Otherwise, you would have a scheme that said, 'The scheme's premium rate will be determined by an actuary from time to time,' and that would be the end of it.

So, it is always contemplated the board would make a decision. Obviously, and beyond doubt, an important element in making any decision is the information that the actuary might provide to the board—very, very important—but not the only matter that the board may or may not take into consideration, including information the board might have about internal changes and other changes that might be in contemplation. I do not know if Mr McCarthy wants to add to that at all?

**Mr McCARTHY:** I think the one thing that is certain about an actuary is that that they are uncertain, in terms of their projections, but actuaries also give you a projection of the future based on no change. There is certainly a significant amount of effort that has gone in in the recent past around how the scheme should be managed and the things that can be done in the scheme to drive better behaviour, and the board has taken that into account when setting the average premium rate.

**Mr WILLIAMS:** Minister, one of the other things that Finity (the board's actuarial advisers) do, because they have been doing this for some years, is recalculate. They project what they believe would be required for the average premium rate for the out year, but they also recalculate and do a hindsight cost based on the actual results from the previous year. In that same advice that they gave to the board in December last year, Finity reported that, ever since 2009, in hindsight, the average premium rate would have needed to be over 3 per cent for the scheme to be fully funded in each of those years.

Yet, for at least the last, I think it is three years, the rate has been at 2.75 per cent and the unfunded liability has gone up quite dramatically. I take it that you are suggesting that the board does not necessarily have faith in Finity's actuarial projections, but it seems to be that they have been giving advice which seems to have been borne out by the effluxion of time.

**The Hon. J.R. RAU:** In respect of that particular question, not having seen the document to which you are referring, I cannot comment on that but, taking your question at face value, and assuming all the information you have given me to be absolutely correct, it does not mean the board has no confidence in its actuary; it means the board has, for whatever reason, made various decisions partially and significantly informed by the opinion of the actuary, but not absolutely determined by the opinion of the actuary. I do want to come back to something I said a while ago. The honourable member asked me whether I thought WorkCover's performance over the last few years had been good enough, or words to that effect, and I made it clear that it is not.

**The Hon. I.F. EVANS:** On the same line, minister, you claim you have not seen this document from the actuary. It illustrates that, looking back, the levy rate has not been high enough to fully fund and cover the costs and, looking forward, it would have to be over 3 per cent. Is it the minister's view that the levy is set at the appropriate amount to cover the scheme's costs?

**The Hon. J.R. RAU:** Two things there: first of all, I want to make it clear that I do not have that document sitting in front of me. I see many pieces of paper, and I have no recollection of seeing this one. If somebody wants to put it in front of me and I have got a chance to read it, I will absorb it, and if I have ever seen it, I might recall, but I have no independent recollection of it. By saying that, I am not suggesting that either of you are making anything up.

The second thing is that, for whatever reason, for better or worse, WorkCover has a particular management structure, which contemplates an independent board making an independent decision—independent from me, and independent from the actuaries and the factors that they took into account, aside from obviously having read whatever the actuary drew to their attention. I was not in the board meeting.

I was not a participant in that meeting, and I certainly have not given any directions and cannot—well, I could, I suppose, by means of a ministerial direction, which transparently I have not given—direct the board about a final outcome. I cannot really tell you what each individual board member had in their mind when they considered or balanced up whatever material they had in front of them at that board meeting.

**Mr WILLIAMS:** Just to round that off, minister, the 'Actuarial review 2012 31 December' is available on the WorkCover website. I suggest you do read it and you may wish to then have a discussion with the chairman of the board, because I was horrified when I read it. On 1 July 2012, WorkCover introduced a compulsory experience rating system for medium and large employers, which I think numerically makes up about 10 per cent of the employers but accounts for about 75 per cent of WorkCover's claims.

The rationale behind this was the belief that this would drive these employers to be more diligent in their endeavour to reduce work-related injuries and thus claims on the scheme. Has there been any evidence in the last year to suggest that this change has led to a reduction in workplace injuries and thus fewer claims?

**The Hon. J.R. RAU:** I think I might ask Mr McCarthy whether he can help us with that.

**Mr McCARTHY:** There is certainly evidence that it is changing the behaviour of employers, particularly those larger employers that are experience-rated. We have certainly had a lot more requests from employers to understand what they can do to better improve their performance. It has very much focused their attention, which it was designed to do. Over the fullness of time, there is no doubt that it will drive better outcomes from the scheme in respect of those employers that are experience-rated.

**Mr WILLIAMS:** Minister, just to change tack a little bit and refer still to the same budget lines, Mr Chairman, do you, minister, agree that, on the whole, the self-insurers get a better result than WorkCover, despite working under the same legislation?

**The Hon. J.R. RAU:** Yes, I do. One of the things that I found very interesting in this exercise is—bearing in mind that we are not necessarily comparing exactly apples with apples, because the cohort of employers that are the self-insured cohort tend to be the larger, more sophisticated employers than the employers that are in the scheme. However, even if you take that into account, it is clear, at least anecdotally, that the overall performance of the self-insureds in respect of exactly the same statutory framework, as you quite rightly say, is more impressive.

More to the point, the single most significant difference I have been able to ascertain from my looking at the problem is the effective personal attention they give to individual claimants very early. I think anyone who has been involved in any workers compensation scheme would agree with the general proposition that the earlier you are able to sit down with the individual claimant, analyse that individual claimant's particular problems and issues and try to deal with them, the more likely it is that that person will make a speedy and effective recovery and return to work.

I do not think there is much doubt that the self-insureds as a cohort—I am not talking about every single one of them, but as a cohort—have had a pretty significant focus on that early intervention model, and many of them have dedicated return-to-work programs and staff on their payroll, whose job it is to quickly identify and assist an individual employee who becomes injured in the course of their employment. If you are a large outfit, like a local government authority or something of that nature, that is not an impossible ask. It becomes more complicated when you get down to the fish and chip shop, the delicatessen or the very small business that might only employ one or two people. That is a challenge and it is something that I have been turning my mind to.

**Mr WILLIAMS:** I am delighted to hear your response to that question. It has been put to me that there is considerable expertise amongst the self-insurers, and I think you agree with that.

In the world that we live and work in in this state, WorkCover has a team of auditors whose role appears to be to tell the self-insurers what to do. Wouldn't it be more sensible if WorkCover asked the self-insurers why they are so successful and adopted some of their practices?

**The Hon. J.R. RAU:** I think both of us would like to say a couple of words on that. As to the requirement of audit, that is something where I think a conversation can be had about that. As to the point about paying attention to what the self-insureds have been successful at doing, I can assure the honourable member that that is exactly what I have been doing, and I have every confidence that Mr McCarthy has been looking at their practices and methods and giving due consideration to those, but I will ask him to comment further on that.

**Mr McCARTHY:** Thank you, minister. There is no doubt that we have got a lot to learn from self-insurers and, whilst we do have a role as a regulator to oversee that the self-insurers comply with the legislation, there is also a lot of learning that we gather from those self-insurers. We are taking that learning and, as part of the self-insurance group, there has been another team set up within WorkCover to take that self-insurance learning. We can then roll that out to the medium to large employers by way of providing that learning back to those employers to help them understand what is driving their behaviour in their work places and how to improve that.

That would be one of the many initiatives that, at the moment, we are looking to drive much harder inside WorkCover and, indeed, would be one of the reasons why the board took the view they did around the average premium rate. But you are absolutely correct, there is some tremendous learning to be gained from those that do it well, not just self-insurers.

We have some employers in our scheme as well that perform exceptionally well, so it is not restricted to self-insurers. There is also a lot of learning being garnered from our interaction with those employers. We have been holding information sessions—or information-gathering sessions—not just with self-insurers but with industry associations as well around how we can take that back to their stakeholders. So it is a very important issue.

It is also interesting to note with this scheme that 35 per cent of the scheme are effectively self-insurers—it is a fairly large proportion of the scheme—effectively rendering our scheme as a small to medium employer scheme. This is quite different from schemes in other jurisdictions and brings with it all the challenges.

There is no doubt that the learning that comes from self-insurers is essentially that good or best practice outcomes for worker's compensation management get driven from the work place. There is some great learning that comes from that; the challenge is how do you model that and drive that into work places in this state that do not have the internal capacity to do that? That is a challenge that we are endeavouring to meet and it is a challenge that we will take on over the next period of endeavouring to bring this scheme under control. So, I agree with you—there is a lot to be learnt from self-insurers and we are endeavouring to do that.

**Mr WILLIAMS:** Minister, do you agree that the key issue for WorkCover's funding is the faults in the legislation that allows a small but critical number of people to remain on WorkCover payments, despite having a significant capacity for work, effectively meaning that the scheme is compensating for unemployment—something that it was never designed to do? I remind you that I think it was the Premier who made a ministerial statement late last year emphasising that the vast majority of the cost to the scheme was created by less than 5 per cent of the claimants.

**The Hon. J.R. RAU:** I was nodding so furiously with your question that I forgot the first bit. Can you just give me that first bit again?

**Mr WILLIAMS:** Do you agree that a key issue for WorkCover's funding is the faults in the legislation that allows a small but critical number of people to remain on WorkCover payments, despite having a significant capacity for work, effectively meaning the scheme is compensating for unemployment—something it was never designed to do?

**The Hon. J.R. RAU:** I think that is an almost perfect statement except—

**The Hon. I.F. EVANS:** The bit 'do you agree'!

**The Hon. J.R. RAU:** No, except for the bit that says 'faults in the legislation'. At the risk of going back over my analogy with the Rubik's cube, the outcomes in the scheme are the product of many different things interacting and one element is the legislation. As the honourable member has quite rightly pointed out (even as recently as the last question) operating in exactly the same statutory framework, we have a group of employers whose performance is significantly different

and better, not only from the point of the fiscal integrity of their schemes but also from the point of view of the experience of workers who are injured and are managed through their schemes.

So I do not accept the premise of the question that an effective well-managed scheme cannot do well, given the existing legislation. No doubt, if there were legislative changes made, one could reduce benefits, that is obvious, and philosophically I very strongly agree with the proposition that this was never intended to be a pension scheme for anybody who wanted a pension—absolutely not.

I also have a strong philosophical view that this is not intended to be a reverse cost shift from the commonwealth social security network, but whichever way you chop this up there are some people who are seriously injured at work and are left with minimal, if any, capacity for ongoing work, and I do not have a problem with that relatively small group of people receiving ongoing income maintenance or other support by reason of the scheme. The trick is to identify who those people are and separate them from the people who are not actually in that category at all.

About the 130-week review process which was instituted some time ago, I have serious questions in my mind as to whether that has ever been properly examined or implemented; that is just one example. Now, it is arguable that just by doing that properly alone there would be a substantial change without touching the legislation at all. I think the general thrust of the question is entirely reasonable, but I do not accept the premise that legislative change is necessary to bring about significant improvement. I accept that if you cut all the benefits off, the mathematics of the scheme would look a lot better—anybody can tell you that—but I do not believe that is necessary.

**The CHAIR:** I am not sure what the committee would prefer to do, but the agreed timetable has WorkCover finishing at 3 o'clock and then is going to SafeWork SA, Public Sector Workforce Relations, Employee Ombudsman Services, Conciliation and Arbitration, and State Records until 4 o'clock. I am in your hands.

**The Hon. J.R. RAU:** I do not mind; whatever you prefer. You can ask me anything.

**Mr WILLIAMS:** I wouldn't mind asking at least one more question.

**The CHAIR:** Sure.

**Mr WILLIAMS:** Minister, I understand that WorkCover is currently going through a process where I believe they are going to announce some time in the next few months a change to the way that rehab service providers are reimbursed.

**The Hon. J.R. RAU:** Yes, look, there has been change in relation to that.

**Mr WILLIAMS:** My question is: can you give the committee some insight into that and the rationale behind it? To be quite frank, minister, we have seen so many changes. We have seen new boards, new management, new claims agents, new policy, new structures, new spin, even a new home for WorkCover, and the only thing that has remained constant is that the unfunded liability has grown to the point where I personally believe we are getting to the point where the scheme could well collapse. That is why I am asking the question. What is the rationale for fiddling with the deck chairs while the ship is going down?

**The Hon. J.R. RAU:** Can I say this: I am by no means, again, convinced that looking at the provision of rehabilitation in the broadest sense, and in particular senses, is not a significant issue in WorkCover. As anybody who has been through the system will tell, and I am sure that both of you at some stage as members of parliament have had people come to complain to you about WorkCover and what it has been like to be on the system or you have relatives or friends or whoever who have been on the system. Historically, in my observation, the system has had a fairly laissez-faire attitude about the provision of so-called rehabilitation services.

Whether they have been of much benefit to the individual receiving them is an arguable point, particularly when those services have been received some considerable time after the initial injury and the state of mind of the individual has settled into this sort of situation where they are a person who is inside the scheme, not a person who is visiting the scheme. So, that is a bit of an overview, but I am sure Mr McCarthy can give you more detail about the particular question you asked then.

**Mr McCARTHY:** There is no doubt that the effective use of rehabilitation in the scheme is under review. It is a key resource or function for assisting with return to work, but I think that, if you are going to use a resource, you need to ensure that that resource is used in a timely fashion, it is used effectively, you get good value for it and it delivers the primary objective of its use, which is to improve return-to-work outcomes.



This scheme is approximately three times the proportional cost of rehab in the scheme to any other schemes around Australia, but it is in a scheme where the return-to-work rate is significantly worse than other schemes. So, to say that it is not time to review the effective and proper use of rehab in this scheme in South Australia, or to question whether it was time to do that, would be not appropriate, I would have thought.

The purpose of the review is to ensure that rehabilitation in the scheme is used in a timely fashion, that there are very high performance expectations placed on those people providing the services—there are others in the scheme—that any continuation of service in the scheme has very strong review points in it and that there are very strong performance outcome expectations for those providers in the scheme. So, quite a bit of work has been done on improving the effective and timely use of rehabilitation in the scheme and to ensure that we spend the appropriate money where it needs to be spent and no more and no less.

**The Hon. I.F. EVANS:** Sorry, did I hear you right? Was it three times the cost of rehabilitation of other schemes?

**Mr McCARTHY:** Not the cost: as a proportion. I just can't recall off the top of my head. I could take that on notice for you as to what the percentage of rehabilitation is in this scheme but, as a percentage, if it was—

**The Hon. I.F. EVANS:** So, three times the proportion of—

**Mr McCARTHY:** Yes. So, if it was 3 per cent, for example, in New South Wales and Victoria, it would be something like 9 per cent here.

**The Hon. I.F. EVANS:** Okay. So, do you think the board structure is right where they have had one of the major rehab providers being on the board? Do you think that has created the circumstances—

**The Hon. J.R. RAU:** I think that is a tough question for Mr McCarthy, who is the chief executive.

**The Hon. I.F. EVANS:** I am asking you as minister. You are the minister. You can divert it to the chief executive—that is your decision—but I am asking you as minister. Given that our rehab proportion is three times the proportion of other states, does the minister think that having one of the major providers of rehab services to WorkCover having been on the board on occasions has been the right board structure? Do you think that has led, in part, to rehab proportion blowing out to three times that of other states?

**The Hon. J.R. RAU:** You have got two questions there. The second one I do not know the answer to and I don't how you would actually ascertain the answer to that question; that is, has that representation been in any way a contributor to the facts that Mr McCarthy has referred to? As to the first of those questions, again, I will be presenting some material to other members of parliament and the public generally about things, and the material I intend to present does include changes to the board structure.

### Membership:

Mr Goldsworthy substituted for Mrs Redmond.

**Mr WILLIAMS:** I have one more question, to satisfy my curiosity. Mr McCarthy may be required to answer this. Again, I am referring to this actuarial report by Infinity. On page 108 of the report it talks about the suggested average premium rate. The calculations that he has done suggest an average premium rate of 3.37 per cent would be required for the 2013-14 year. It goes on to say:

In addition to covering the cost of new claims, the premiums collected by the scheme may require a margin to reduce the unfunded liability.

I think that is pretty self-evident. Then it says:

...a further margin to cover the unwind of discount in the unfunded outstanding claims liabilities.

I have no idea what that means and I would like to know what it means.

**The Hon. J.R. RAU:** Now that you mention it, me too. Mr McCarthy.

**Mr McCARTHY:** It is a difficult thing to explain and it may be better that we come back to you with a written explanation, but, essentially, when the actuaries are setting the valuation, obviously the cost of a claim will inflate over the fullness of time. Then what they do is they discount that back, based on what they refer to as the discount rate, which other people have used to explain why some of the liabilities have increased.

You inflate the cost. If I am getting \$100 today and I am going to be on benefits for the next 40 years, they are CPI increased, so you inflate that, but then if I am going to need \$50,000 I am not going to be paid the \$50,000 all up front, so I can invest some of that money, and the discount rate; so it is about unwinding or including it. However, we can come back to you with a written explanation of that, if I think that would be more useful.

**The Hon. I.F. EVANS:** I am just interested in the most expensive WorkCover scheme in Australia having a three times proportion of rehab cost compared to other schemes. Can the minister provide to the committee, for each year over the last decade, the amount paid in rehabilitation services, broken down into the amount paid for rehab services to any board member's company or service provided by a board member, and then rehab services provided by other providers? I know you have to take that on notice, but if you could forward that to me.

I want to ask the minister: does the minister think that one of the reasons that we have three times the proportion of rehab in South Australia compared to other states is because the board were not prepared to address the issue because they had someone on the board who was a major supplier of the service? What other explanation can there be for the most expensive WorkCover scheme in Australia? It is not as if it has not been raised, the issue of the cost of the scheme.

What other reason could there be for the board not to address this issue in the last five or six years? My understanding is that a member of the board has at times provided services. They declared the conflict of interest and no doubt walked out the room and the contract was awarded, but, at the same time, the issue of addressing the rehab proportion has been raised now by the CEO. Does that not just create a whole environment of an elephant in the room and we just will not deal with it? How, after 11 years, did we get to this position?

**The Hon. J.R. RAU:** There are a couple of things about that. First of all, why was there such a person in the room? The answer is because the legislation requires there to be such a person in the room, as the honourable member referred to earlier.

**The Hon. I.F. EVANS:** It doesn't have to be a service provider.

**The Hon. J.R. RAU:** I acknowledge that, but there needs to be a person whose expertise lies in the field, as the legislation presently stands. What is more, as the legislation presently stands, the honourable member might be interested to know, it is only required that there be consultation—and I underline the word 'consultation'—with groups of people representing employers and employees about board appointments.

There is a mandated requirement and you need to look in the WorkCover Corporation Act—section 6 or thereabouts, if I am not mistaken—and you will see that there is a requirement in there that at least one board member have an OHS experience or whatever and at least one have a rehab experience or whatever. They are the only two mandated requirements. It is not even necessary, for example, for somebody from the Chamber of Commerce or Business SA to be there or anyone from SA Unions or anywhere else to be there. It is a statutory requirement that does that.

Second point: I do not think I have seen any evidence at all to suggest that any board member, certainly during my time as minister, has acted in a way that is not consistent with their fiduciary duty to the board. Third point: to the best of my recollection, since about day three of my being minister, that particular position on the board has been vacant and has not been filled.

Fourth point: I do not subscribe to the view that there could be no other explanation for the higher rehab costs than the one that has been suggested by the honourable member, aside from the fact that I have no evidence of improper behaviour or even influence arising on the board, and it certainly has not in my time because it has not even been there, but for a day or two.

I think the honourable member needs to bear in mind that in a scheme where the key performance indicators of the claims agents mandate that they are best served in behaving a certain way and ringing certain bells at certain times and that, at a point beyond that, it is not in their interests to do these things and rehab providers can be engaged to fill a gap, that is an administration issue. It is not a failure by the board.

**The Hon. I.F. EVANS:** Section 5 of the WorkCover Corporation Act dictates someone experienced in rehabilitation.

**The Hon. J.R. RAU:** Yes.

**The Hon. I.F. EVANS:** Do you think it would be wise to have someone on the board who is experienced in rehabilitation but not a service provider to the agency—in other words, someone who might be experienced in rehabilitation who has actually retired from business? Do you think that might be an advantage, rather than having someone who is actually actively involved?

**The Hon. J.R. RAU:** It might be, but—

**The Hon. I.F. EVANS:** You have businesses out there paying the highest WorkCover rate in Australia by an absolute street and I ask this very simple question on behalf of my small business community: when does the government think the WorkCover Board will next be in a position to reduce the WorkCover levy?

**The Hon. J.R. RAU:** As I said earlier on, I am at a point where I hope to be able to have a very detailed conversation with all of my parliamentary colleagues who are interested in discussing this matter about what is going on as far as the government is concerned. I have been doing a lot of work in this space in the few months that I have been in this role.

I have had a lot of people who have been helping me and supporting me and assisting me, including people at this table. I hope that I will be in a position to be able to discuss something with you in considerable detail in a matter of weeks. But I did foreshadow all of this in February or March, or whenever it was.

**The Hon. I.F. EVANS:** As every other previous minister has! We have had legislation; we have had reform; we have had new boards; we have had new CEOs. All of it was going to make the thing better, and it has simply got worse on every measure.

**The Hon. J.R. RAU:** I promise you that I will not be over-cooking what I am bringing to the parliament. I will be very frank about what I think I am bringing to the parliament, and I will be very frank about what I think needs to be done. What I can say is that I have had a very good look at this. I will let others be the judge of whether what I bring forward is materially different from what you have seen before.

**Mr WILLIAMS:** Minister, are you prepared to make a commitment that you will endeavour to bring the average premium rate in South Australia down to the average across other jurisdictions in this nation?

**The Hon. J.R. RAU:** How much time are you giving me as minister to do that?

**Mr WILLIAMS:** Are you prepared to make a commitment that you will seek to set up a scheme that will meet that standard in at least the foreseeable future, say, five years?

**The Hon. J.R. RAU:** I think that it is very important that that is the objective we work towards. I think that it is important that South Australia is competitive in a whole bunch of ways, and this is one of them. I think that it is important that we recalibrate the culture of the scheme, the administration of the scheme and, where necessary, legislation.

There are two steps to the process. The first step is arresting the existing trajectory; the second one is completely changing the trajectory. The first one of those steps I am hoping to be able to discuss with you shortly. The second one of those steps will involve a great deal of conversation because a lot of people are going to need to be very aware of what we be doing—and when I say 'we' I mean we as members of parliament, all of us—and that will require time.

If it should turn out that this time next year I am still occupying this particular role, I can assure you that by that time you will know a great deal about that second element, and I will be in a position, I think, in the not too distant future to at least give you an outline of what that second element would entail.

**The CHAIR:** Is it the wish of the committee to go to industrial relations?

**Mr WILLIAMS:** Unfortunately, yes. It would be the wish of the committee to have another 15 or 20 hours on this subject, but I think that we had better go to industrial relations.

**The Hon. J.R. RAU:** What are we doing now?

**The CHAIR:** We are now doing SafeWork SA, Public Sector Workforce Relations, Employee Ombudsman Services, Conciliation and Arbitration, and State Records.

**Departmental Advisers:**

Mr R. Persse, Chief Executive, Attorney-General's Department.

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

Mr B. Russell, Executive Director, SafeWork SA.

Mr E. Brooks, Executive Director, Public Sector Workforce Relations, Department of the Premier and Cabinet.

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

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

Mr S. Bruggemann, Senior Management Accountant, SafeWork SA.

Mr T. Ryan, Director, State Records of South Australia.

Mr L. Jones, Director, Finance, Department of the Premier and Cabinet.

Mr W. Lines, WorkCover Ombudsman, Office of the WorkCover Ombudsman.

Ms S. Bourke, Acting Employee Ombudsman, Office of the Employee Ombudsman.

**The CHAIR:** Any opening remarks?

**The Hon. J.R. RAU:** In view of the time, no.

**The CHAIR:** Okay, we will go straight to the member for MacKillop.

**Mr WILLIAMS:** I refer to Budget Paper 4, Volume 4, Page 87. Minister, there is a budgeted \$41.5 million in the 'Expenses' column. Can you break that down for the committee into the various functions within SafeWork SA and, within each of those functional areas, can you provide the committee with a breakdown of the expenses into the same categories as per the combined table on the previous page—that is, to 'Employee benefit expenses', 'Supplies and services', etc? I am quite happy for you to take that on notice if you wish; it is fairly complex.

**The Hon. J.R. RAU:** Just so that I make sure we get it right, I think I would rather take it on notice, if you don't mind.

**Mr WILLIAMS:** That's good. A number of these questions, you may prefer to take on notice because they are of that nature.

**The Hon. J.R. RAU:** That's fine. I am advised I can give you categories, but I am not sure that is exactly what you wanted; you wanted more than that, didn't you?

**Mr WILLIAMS:** Certainly in the categories, but hopefully if you could do that into the functions within—

**The Hon. J.R. RAU:** We can only take you as far as categories, presently. Functions will require more work.

**Mr WILLIAMS:** Can you provide me, with regard to the functions, the number of full-time equivalents, then, in the various—because I presume you have sub-groups within SafeWork SA?

**The Hon. J.R. RAU:** I would be happier if the advisers took their time and did this properly, rather than us—

**Mr WILLIAMS:** Yes.

**The Hon. J.R. RAU:** I have some information here which might or might not be what you are after. These are SafeWork FTEs: the WHS inspectorate, 89; the IR inspectorate, 33; Administration and Licensing, 32; Specialists, technical policy officers and managers, 103; Executive, 5; total, 262. In DPC Corporate there are 18, which takes us to a total of 280.

Then we have: WHS inspectorate, 89; IR inspectorate, 33; IR is just 1; Administration and Licensing; 32; Technical specialists, policy officers and managers, 109; Executive, 5; total, 269. That was last year—the second lot of figures I have given you was last year. This year, it has gone from a total of 274.8 to now a total of 280 in 2012-13, including Corporate. Is that helpful?

**Mr WILLIAMS:** If you can also undertake to take on notice the bit about breaking down the 'Expenses' column into those various categories?

**The Hon. J.R. RAU:** Okay, no problem.

**Mr WILLIAMS:** Thank you, minister. Minister, it is also noted on the same budget line that there are employee termination payments of \$200,000. How many employees were terminated? Can you detail to the committee what termination payments were made to each of those employees, and the age of those employees terminated?

**The Hon. J.R. RAU:** I am advised there were two TVSPs, but as to the age of those people, I would need to get information on that.

**Mr WILLIAMS:** Can I assume then, if there were two, the termination payments were about equal?

**The Hon. J.R. RAU:** They were what, sorry?

**Mr WILLIAMS:** They were about equal. There was some \$200,000 involved.

**The Hon. J.R. RAU:** We will have to check. I just don't want to take a stab at this. We do not necessarily have the sort of detail you are asking in our briefs. We can extrapolate what we have got and make an educated guess, but that might be all it is, so I would rather take it on notice.

**Mr WILLIAMS:** Minister, on the same budget line, there was a \$3.1 million increase in income and the explanation is that this is primarily due to timing adjustment in relation to the introduction of new work health and safety regulations. Can you explain the nature of that additional \$3.1 million increase in income and why that has arisen because of the timing adjustment?

**The Hon. J.R. RAU:** All I can ascertain from the material we have here is that it was to do with the introduction of the new legislation. Exactly how that occurs in detail is something again I will have to get you to—unless Mr Russell can answer your question for you. I will let him have a crack at that.

**Mr RUSSELL:** Thank you, Attorney, and through the chair: the increase in revenue largely came about as a consequence of the change in the licensing cycle. The WHS legislation introduced a new renewal arrangement for licenses from a one-year annual fee to a five-year renewal fee. As a consequence of the introduction in 2012, all licences that fell due would be payable over a five-year time period rather than a one-year time period, resulting in an increase in revenue.

**Mr WILLIAMS:** So the licence fees are all paid upfront?

**Mr RUSSELL:** Correct.

**Mr WILLIAMS:** For five years. Okay. Minister, there was a change between the 2012-13 budgeted figure to the estimated result in the expenses column of \$500,000. It is noted there is a supplementation of the 2012-13 Wages Parity Enterprise Agreement. Is the committee correct in assuming that this \$500,000 was an unbudgeted increase in wage costs?

**The Hon. J.R. RAU:** I am advised that the way that it happens is that, in the event of there being a wages parity agreement, a supplement is provided by Treasury, but it is only provided as and when required, not budgeted for as such by the agency. Apparently it is budgeted for by Treasury, not the agency.

**Mr WILLIAMS:** What you are saying is that the budget is framed on the current wage rate, and if there is a new EB in the relevant year, the additional funds are made available by Treasury.

**The Hon. J.R. RAU:** I am advised that is what happens.

**Mr WILLIAMS:** Does this happen across government? Does this happen in every agency?

**The Hon. J.R. RAU:** I understand so. If you think about it, it stands to reason, because until a new EB is actually settled—and some of these things remain unsettled for a period of time—we do not actually know what the operative date for the EB is going to be. We don't know what the actual percentage changes are going to be until the matter is resolved. If you think about it, that is the only way you could do it.

We have a number of EBs going at any single time. Negotiations may go on for months, sometimes longer. When it is finally resolved, is the operative date retrospective or is it

prospective? How much is the front-loading increase? How much is put in over the out years? All these things are still up in the air until the thing is resolved. It makes sense; that is the only sensible way of being able to accommodate it.

**Mr WILLIAMS:** I have to say that I am delighted I have actually learnt something here today. I have been coming to estimates for many, many years and I thought your budget actually budgeted for what you expected the increase to be and that there would be a supplement if it was different than your expectation.

On the same budget line, the commentary in regard to the 2012-13 estimated results versus the budgeted figure notes a \$0.9 million saving due to 'lower expenditure to reflect the re-pricing of ICT services provided by Shared Services'. Can you give detail to the committee of exactly what this means? Have the ICT functions been let out to Shared Services or have they been kept in-house, and was there a proposed cost that was not reflected in the actual cost that you are getting the service for now?

**The Hon. J.R. RAU:** I cannot help you, because I am not sure I even know what all those words mean, but Mr Hallion can, so he will explain it to you.

**Mr HALLION:** Thanks, Deputy Premier. You will see that line appear across the budget in a number of areas and it is one of the success stories from ICT, and that is that we have actually lowered charges across the board. If you look through quite a number of the budget papers you will see that the variation in expenditure in those years is due to a re-pricing of services through the ICT sector. We have not changed anything fundamentally, except that we have better pricing and better value for money. I am chair of the ICT board and over quite a few years—in fact, over a number of years—we have been looking at trying to achieve better procurement outcomes and lower costs.

Technology, of course, has had something to do with that as well. As we have improved technology, costs have come down and we are now seeing those reflected in budgets. If you look across virtually all the departments, you will see variations that are savings that have occurred as a result of ICT. I think the ICT annual saving across all agencies is now in the order of \$30 million a year. It is a very substantial saving that has occurred across government, and it is expressed into the agencies along the lines we have just seen. So, you will see it feature quite a bit across the board where there have been reduced costs.

**Mr WILLIAMS:** Have these services been provided by Shared Services or are they done in-house?

**Mr HALLION:** The charging is done through Shared Services to agencies. There is a mixture of mostly in-house. We have our own state network, called StateNet, which provides a lot of the fibre through the city on which our ICT services run. That is probably the main area of our charges, and there are some external charges, obviously, as well. Hosting facilities come into that area; the Glenside hosting facility, which is our main mainframe—if agencies use that, that is involved as well. It is a re-pricing of our core ICT network. We have not changed anything in terms of outsourcing. It is just, with the advances of new technology and better pricing—we got a new mainframe, for example, a few years ago.

**Mr WILLIAMS:** My question is specifically about the involvement of Shared Services. My understanding was that all ICT work was going to be handled through Shared Services and then agencies were given a choice whether they did it through Shared Services or not. My understanding was that virtually all agencies across government chose not to go with Shared Services.

**Mr HALLION:** That is correct.

**Mr WILLIAMS:** That is why I was somewhat confused when I read this commentary.

**Mr HALLION:** The charging is through Shared Services, but the functional transfers that you are referring to are different to this. This is about charging for the basic network that data transmits across—our fibre network and our hosting facilities—and the charging of those is through Shared Services. The T4 functional transfer you are referring to is a different matter. That is things like help desk and other functions within the ICT space.

This is more about the communications backbone, and those charges are raised through the Office of the Chief Information Officer and charged to agencies through Shared Services. So, it does not deal with the T4 that you are referring to, and the government made a decision not to

transfer those particular functions in T4 through to Shared Services. You are correct on that, but this is about the backbone charges, which is a different functional area.

**Mr WILLIAMS:** I now turn to the same budget paper, page 88—the 2012-13 estimated result compared with the 2011-12 actual. Saving measures of \$0.8 million were noted. What were the specific measures, and if there are more than one, the resultant savings from each?

**The Hon. J.R. RAU:** I think Mr Russell is the ideal bloke to help you with that.

**Mr RUSSELL:** The savings measures of \$800,000 in the 2012-13 estimated result were as the consequence of the Mid-year Budget Review—savings which were apportioned across the department. They were part of the allocation to SafeWork SA of the overall savings directed towards DPC.

**Mr WILLIAMS:** Was this in staff?

**Mr RUSSELL:** They are savings, generally. They do not identify particular savings lines but, rather, a requirement for the agency to deliver the savings, and the savings were delivered across reductions in expenditure throughout the agency.

**Mr WILLIAMS:** It is a substantial amount of money. It is certainly not a situation where you purchase fewer pencils. I suspect that you have cut some staff and cut some grants maybe. Have you cut some activities?

**Mr RUSSELL:** We are looking for savings generally across non-critical program areas. Those savings came from a number of measures, including measures such as improvements in the fleet management, that is, reduction in the number of vehicles that we had as well as reductions in labour hire, expenses, etc.

**Mr WILLIAMS:** We are still on the same budget paper. One of the targets for 2014 is to progress national uniform explosives legislation in South Australia, and Mr Russell will know that I have an interest in this. I was really interested when I read the word 'progress'. What do you mean by the term 'progress'? Is it imminent that we will have national uniform legislation, and what is the current status of the negotiations surrounding moving to national uniform legislation?

**The Hon. J.R. RAU:** Mr Russell is my explosives expert, so I will defer to him.

**Mr RUSSELL:** The Council of Australian Governments recognised that differences and variations in the administration of legislation for explosives were creating inefficiency with respect to that activity and, in particular, that was in the light of the boom in mining at the time where they were using a considerable volume of explosive products. It was considered necessary to move towards consistent legislation in this area, particularly with respect to the use and transport of explosives across state borders. To that end, COAG referred the matter to Safe Work Australia.

Safe Work Australia has adopted that as a priority initiative and in doing so, has established a Strategic Issues Group (Explosives). The Strategic Issues Group (Explosives) has its inaugural meeting on 4 July. That meeting will be chaired by myself and the objectives of that activity is to drive a nationally consistent legislative platform consisting of acts and regulations.

**The Hon. I.F. EVANS:** Minister, there has been a new OH&S act—harmonisation of OH&S nationally. Is the minister aware that *The Advertiser* group has written to country communities saying that it is no longer permissible to have their drivers throw *The Advertiser* out for roadside delivery?

**An honourable member:** That's a shame.

**The Hon. I.F. EVANS:** It is a shame. So, *The Advertiser* has now advised that this roadside delivery in that manner will now be stopped, and I am just wondering whether Mr Russell has had any complaints in regard to this matter or whether the government has had any complaints in regard to this matter that the roadside delivery, the throw out of *The Advertiser* in country communities, is now going to cease.

**The Hon. J.R. RAU:** I am advised that there have not been complaints. I have certainly not heard any and I understand that Mr Russell has not had any either. Is the honourable member sure that this is not part of a very subtle campaign to get more people to sign up to the new online version of *The Advertiser*?

**The Hon. I.F. EVANS:** The Deputy Premier can make that accusation against *The Advertiser* if he wishes. That is very courageous. I am not doing that. If there are any editors out there listening, the member for Davenport is not making that allegation! We have at least four

country members who have constituents who have received letters from *The Advertiser* group saying that they are ceasing this practice and that is going to be—

*Mr Williams interjecting:*

**The Hon. I.F. EVANS:** Sorry?

**Mr WILLIAMS:** Because of the legislation.

**The Hon. I.F. EVANS:** As a result of the legislation, we understand. This is going to have a big impact on country communities. I am wondering what the government intends to do about it.

**The Hon. J.R. RAU:** I will inquire and ask if Mr Russell can see what he can find out about this. It would concern me a bit as well because, as I understand it, that noise I hear at about 3 o'clock every morning at my place involves a similar activity and that is when I know it is time to get up and start doing my bag, so if that stopped I would be lost. So I am interested as well. I will see what I can find out.

**The Hon. I.F. EVANS:** Minister, I might direct you to the codes of practice because we understand that the information surrounding this decision says that from January 2013 legislation to increase the accountability of business owners and responsible officers in regard to health and safety of employees comes into force. These include quite specific codes of practice. Of course, we raised a lot of these concerns about the zealous nature of the legislation, that it would have an impact on business. Rest assured, we were told, this was all national harmonisation. We do not know any other state where they are cancelling the throw out of *The Advertiser* so we would appreciate your investigation of it.

**The Hon. J.R. RAU:** It has just occurred to me that it is going to impact on my life significantly as well, so of course I am interested and I will do what I can to find out.

**Mr WILLIAMS:** I just point out, minister—and you made the suggestion that this might be some ruse to increase the online subscription to that august journal—it is going to be a fair while before—

**The Hon. J.R. RAU:** That was slightly tongue-in-cheek.

**Mr WILLIAMS:** Yes, I gather that but I just—

**An honourable member:** You backtrack now!

**The Hon. J.R. RAU:** Like the member for Davenport, I wouldn't want anyone to think I was making an accusation!

**Mr WILLIAMS:** I just want you to be aware, minister, that it will be some time before the NBN actually rolls up that four kilometre driveway halfway between Kimba and Wudinna. This is a very serious matter and the alternative for many of these people is absolutely zero. As the member for Davenport pointed out, we have had complaints come in from all around the state.

**The Hon. J.R. RAU:** We will certainly do what we can to find out what is behind all of that. If either the member for MacKillop or the member for Davenport have copies of any of these letters—

**Mr WILLIAMS:** I will undertake to get a copy to you. I think I have one on my laptop I can email to you.

**The Hon. J.R. RAU:** That would be of some assistance. We can use that as point one in the detective work.

#### **Membership:**

Ms Thompson substituted for Mr Sibbons.

**Mr WILLIAMS:** On the same budget line under the targets for 2013-14, I note that delays in completing investigations in a timely manner has resulted from cases involving 'state and commonwealth industrial relations matters'. With the commonwealth assuming the industrial relations function over corporations and thus taking over much of the state's IR jurisdiction, to what extent do overlaps remain between the two jurisdictions and what impact has this had on the agency's efficiency and what impact has it had on businesses? It seems as though there are potential overlaps.



**The Hon. J.R. RAU:** Again, I will ask Mr Russell.

**Mr RUSSELL:** Thank you, Attorney. The industrial relations arena is largely administered by the commonwealth through fair work legislation. The South Australian government, along with other state governments throughout Australia, referred industrial relations powers for corporate identities to the commonwealth government, and the delivery of industrial relations services is largely managed in that space.

South Australia retains its industrial relations arrangements for state government and local government entities only and retains some industrial relations arrangements for long service leave. Its operation within the state arena is really quite limited. All other industrial relations services are delivered through the commonwealth.

There was in place a contract of service from the commonwealth government with South Australia, as there was a contract of service with the New South Wales government and the Queensland government in relation to the delivery of services for the fair work legislation for corporate entities. As a consequence of budget changes at the commonwealth level, the commonwealth government has indicated that it will not be renewing that contract of service with New South Wales, Queensland or South Australia.

**The Hon. I.F. EVANS:** Just so I understand what you are saying, does that mean then if a South Australian business wants IR advice, it will now be provided by the commonwealth?

**Mr RUSSELL:** As it has been for the last three years, since 2010. The contract with South Australia has ceased. It means that referrals of issues associated with that will go to the fair work ombudsman.

**The Hon. I.F. EVANS:** So once the contract is cancelled, and the commonwealth has taken it back over, how many people in the South Australian bureaucracy in your section will be dealing with IR matters purely?

**Mr RUSSELL:** Thirty-two; thirty-two officers within SafeWork SA.

**The Hon. I.F. EVANS:** Are they inspectors, or are they policy officers?

**Mr RUSSELL:** Inspectors, in the main.

**The Hon. I.F. EVANS:** Okay. So how many policy officers will you have in the IR section once the commonwealth takes over the contract?

**Mr RUSSELL:** We have approximately two officers within our policy services group who deal with industrial relations matters, but they are industrial relations matters across the board, largely in a legislative sphere.

**The Hon. I.F. EVANS:** So the commonwealth controls the IR legislation and they contract us to provide the inspection services, do they?

**Mr RUSSELL:** They did.

**The Hon. I.F. EVANS:** And so when the contract finishes, what happens to those 32 inspectors?

**Mr RUSSELL:** Those 32 inspectors will effectively be redeployees within the South Australian government. Within that, because there is a state-based service delivery requirement, as I indicated, for state and local government entities and for other state-based legislative matters such as long service leave, we will require a state-based industrial relations team to manage and administer that process.

**The Hon. I.F. EVANS:** Why would you not just contract the commonwealth to do it?

**Mr RUSSELL:** Because it does not fit under their legislation. Fair work legislation does not cover state and local government entities.

**Mr WILLIAMS:** On the same budget line, the budget papers show that there are about 30,000 intervention activities occurring each year. What defines an intervention activity? How many inspectors do you have who undertake these activities? When does an intervention activity become an investigation, and how many investigations are commenced each year?

**The Hon. J.R. RAU:** Just to break it up a bit, I am answering this one. Each of the individual tasks undertaken by the inspector is part of the investigation process, and that includes

attendance at a worksite, collection of evidence, written statements, issuing notices, verifying compliance with the notice.

For every investigation, there may be a number of interventions. However, interventions may also occur without an investigation—for example, prevention activities such as an audit of a worksite or a presentation on WHS law would also be described as an intervention—so I think we should say an intervention is activity, essentially. The number of people according to the budget breakdown I have here is that the inspectorate for 2012-13 was 89 FTEs.

**Mr WILLIAMS:** I move now to page 89 in the same budget paper, which obviously talks about the public sector workforce. It talks about the closure of the Government Workers Rehabilitation and Compensation Fund. Can we assume that with the finalisation of that fund, all claims have been settled? Since we have moved to a new regime, are individual agencies now liable for meeting their own costs for such claims—basically, WorkCover type claims?

Are agencies obliged to set aside a certain percentage of their wage and salary expenses into some sort of fund? And does your agency compare what happens in the public sector with regard to injured workers' claims with what occurs within the private sector through WorkCover?

**The Hon. J.R. RAU:** Thank you for that, and I welcome Mr Elbert Brooks to the front of the assembled group. Elbert, I think, is the person who will be most able to assist us with that particular matter.

**Mr BROOKS:** Thank you, Mr Deputy Premier. The Government Workers Rehabilitation and Compensation Fund is an administered item under the Department of the Premier and Cabinet. That workers compensation fund covered a range of areas and was mostly to do with expenditure related to the payment of workers compensation lump-sum settlements, specifically redemption settlements under section 42 of the act for those government agencies who were covered by the fund.

That fund was actually closed for new claims after July 2004. The fund continued to operate and cover lump-sum settlements for pre-2004 claims. That fund was closed in relation to the payment of lump-sum settlement costs for those agencies that were covered, and those agencies now bear the cost for those pre-July 2004 claims. Agencies are self-funding for claims that they experience. I think there were a number of subquestions to the questions asked.

**Mr WILLIAMS:** Basically I was asking: are agencies obliged to set aside funds to cover those claims costs? Does your agency monitor that process and monitor the claims across government and compare them with what happens in WorkCover, which is obviously doing the same work in the private sector?

**Mr BROOKS:** Certainly we monitor the claims experience across government. Agencies also monitor their own experience. They meet their own costs from the budget. My understanding is that the budget provision includes provisioning for workers compensation liability, so they meet that themselves. We certainly monitor and report to the minister and to government the workers compensation performance on an across-government basis.

**Mr WILLIAMS:** Minister, I believe that you have read into *Hansard* the set of omnibus questions, and I take it that you accept those for these agencies we have been going through in the last two hours?

**The Hon. J.R. RAU:** I think the member for Morialta broke a speed-reading record a few hours ago.

**The CHAIR:** The last question from the member for Davenport.

**The Hon. I.F. EVANS:** Thank you, Mr Chair. And my four-part question is as follows—and you can take these on notice to save the committee time. The amount of redemptions paid out for the Public Service as far as workers compensation is concerned for the 12 months? What is the total cost of the workers compensation scheme to the Public Service for the last 12 months? The workers compensation scheme (WorkCover) has an unfunded liability of around \$1.4 billion; what is the unfunded liability or the liability for this scheme—what is the equivalent for this scheme?

In regard to enterprise bargaining outcomes, can you provide to the committee the outcomes (that is, the percentage increase) of each enterprise bargaining outcome since 1 January 2010, including any one-off payments (for instance, there was one or two I am aware of which had a sign-on fee of \$1,000 or \$600 or thereabouts) but not including the retention allowance which was part of the budget measure for those who had served 15 years or more? What I am

trying to get is a list of EBs—that it has gone 2 per cent or 3 per cent a year, or whatever it is, since 1 January 2010.

**The CHAIR:** There being no further questions to the minister, I declare the examination of the proposed payments for the Attorney-General's Department concluded and Department of the Premier and Cabinet and Department of Treasury and Finance adjourned until tomorrow.

*[Sitting suspended from 14:02 to 14:15]*

**DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE, \$747,396,000  
ADMINISTERED ITEMS FOR THE DEPARTMENT OF PLANNING, TRANSPORT AND  
INFRASTRUCTURE, \$14,790,000**

**Membership:**

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

Ms Chapman substituted for Mr Goldsworthy.

Ms Sanderson substituted for Mr Williams.

**Witness:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Planning, Minister for Industrial Relations, Minister for Business Services and Consumers.

**Departmental Advisers:**

Mr J. Hanlon, Deputy Chief Executive, Department of Planning, Transport and Infrastructure.

Mr A. McKeegan, Executive Director, Planning, Reform and Projects, Department of Planning, Transport and Infrastructure.

Mr M. Palm, Director, Investment Strategy, Department of Planning, Transport and Infrastructure.

Mr A. Gear, Executive Director, Statutory Planning, Department of Planning, Transport and Infrastructure.

Ms G. Vasilevski, Director, Planning Performance and Culture, Department of Planning, Transport and Infrastructure.

Mr M. Loader, General Manager, Planning Reform, Department of Planning, Transport and Infrastructure.

Mr B. Cagialis, Chief Finance Officer, Department of Planning, Transport and Infrastructure.

**The CHAIR:** I declare the proposed payments open for examination, and invite the minister to make an opening statement, if he so wishes, and to introduce his advisers.

**The Hon. J.R. RAU:** I am delighted to introduce my advisers, and can I say, in doing this, in all of the time I have had the good fortune to be Minister for Planning, I have been able to be advised and assisted by outstanding people, many but not all of whom are in the room today. I would particularly like to place on the record my great admiration and respect for the work that the team in Planning are doing for South Australia, and what a joy it is to work with them. They really are a very great example to South Australia of what really first-class public servants can achieve.

It is unusual to come into the city at 7:30 on a Sunday morning, because your son plays soccer and you have dropped him off and you desperately need to have something to eat, and find senior members of the Planning department roaming the streets and checking out their latest—

**Ms CHAPMAN:** Vibrant city.

**The Hon. J.R. RAU:** —their latest vibrant city contributions, and being told by the workers, 'Well, it's nice to see you here, but they were here an hour before you got here.' That is absolutely true—Sunday mornings. Anyway, that is sort of a prologue, I suppose.

A few things about planning—I do not want to take up much time. I think the program that has been set out by the planning department has been rolling on very well. In the course of this last few months and in the last year or so we have managed to get a rezone through of the City of Adelaide. We have got the rim council rezones underway and we are expecting those to be finalised within months.

We have also been moving towards the government's commitment in respect of land supply, both for residential and employment land. The structure planning exercise, which has been the subject of some recent public launch and consultation in the Playford North area, is, I think, an excellent example of how the planning department has been able to really put absolutely first-class conversation and engagement into practical reality. It is something that is going to roll out over the next few months.

Again, I have to say, the case management approach that the department has taken to a number of issues, including small venues and including people who might wish to invest in the city and engage in a major project of some description in the city—I don't mean major project in the Development Act sense, but in the sense of worth more than \$10 million—is getting great support and encouragement from the department. There is a lot happening. It is actually a very exciting time to be involved in planning in South Australia.

**The CHAIR:** Does the deputy leader wish to make an opening statement or go straight into questions?

**Ms CHAPMAN:** Thank you, Mr Chair. Notwithstanding the announcement of the hundreds of millions of dollars to be approved in today's budget line for DPTI, minister, would you confirm that program 1, Land Use Planning, of which you have got \$12 million allocated to you, is the only program in this line that you are responsible for?

**The Hon. J.R. RAU:** That is correct.

**Ms CHAPMAN:** Thank you.

**The Hon. J.R. RAU:** I would like some more money if they would like to give it to me, but I think that is presently—

**Ms CHAPMAN:** Yes, the hundreds of millions of dollars that has been announced, I just want to be clear, you are only going to be spending \$12 million of that.

**The Hon. J.R. RAU:** I think my ministerial colleague Mr Koutsantonis has—

**Ms CHAPMAN:** He gets the lion's share.

**The Hon. J.R. RAU:** He has done very well, yes.

**Ms CHAPMAN:** Don't worry, we've just spent a few hours with him and he is spending it like there's no tomorrow. If we could just go to page 160, then, because you have only got a few pages.

**The Hon. J.R. RAU:** Big quality, small quantity I think is the—

**Ms CHAPMAN:** Pages 150 to 160. I think you've got two and a bit pages. So, on page 160, minister, the draft transport plan has been developed; in fact, under you, Mr Chairman, as minister in 2003.

**The Hon. J.R. RAU:** It is being developed, yes. I think an announcement—

**Ms CHAPMAN:** May I just finish the question?

**The Hon. J.R. RAU:** Sorry, I thought you were asking had it been developed and I was saying no, it is being developed.

**Ms CHAPMAN:** No. The draft transport plan that was developed in the early part of the government, in 2003 under former minister for transport—

**The CHAIR:** That's me.

**Ms CHAPMAN:** Our chairman.

**The Hon. J.R. RAU:** It would have been an excellent plan.

**The CHAIR:** It was a very good draft plan.

**The Hon. J.R. RAU:** I'm confident it would have been very, very good.

**Ms CHAPMAN:** Indeed, yes. I have a copy, you will be pleased to know. It is gathering dust in my office with cobwebs, but nevertheless. My question, minister, is in developing the integrated transport and land use management strategy, has the draft transport plan been used to help formulate this strategy?

**The Hon. J.R. RAU:** Indeed. We are standing on the shoulders of giants, so, of course, all of the work that has gone before is being considered and factored into the work that is being done now.

**Ms CHAPMAN:** I am pleased to hear that because minister Koutsantonis has just told us that he is not taking any notice of it because it is completely redundant and out of date. I am pleased to hear your answer on that matter.

**The Hon. J.R. RAU:** Well, not having heard your exact question to my ministerial colleague, I assume you were probably asking him: are you going to be doing what that plan said exactly?

**Ms CHAPMAN:** No, it was exactly the same question. In fact, I had written it out for you and mistakenly asked him, but he was happy to volunteer an answer. In any event, my next question is: the state government is receiving \$2 million from the federal government, as you know, to complete this study; is that going to cover all the costs or will there be further costs to the state government?

**The Hon. J.R. RAU:** I understand that, yes, that will cover all the costs although, as is often the case with the hard-working people in the planning department, they will be giving of themselves without additional budget allocations to assist and augment the process.

**Ms CHAPMAN:** I assume that the \$2 million is being expended within your department, or are there consultants that are being paid for out of the \$2 million?

**The Hon. J.R. RAU:** I cannot tell you the exact amount that is being allocated to these folks off the top of my head unless somebody is able to tell me, but there are independent contractors in the form of Ernst & Young, Parsons Brinckerhoff and SGS Economics and Planning. I gather from what I have just been hearing that \$1.1 million has been set aside for the payment of those consultants and there is apparently a competitive tender process for that. As for the balance of the \$900,000, I do not know whether Mr Hanlon can help us with that. The balance of the \$900,000 is for things like engagement and other elements: printing and so forth.

**Ms CHAPMAN:** Within the department or separately?

**The Hon. J.R. RAU:** A lot within the department and some not, I am advised.

**Ms CHAPMAN:** I take it that the consultants Ernst & Young, Parsons Brinckerhoff and SGS have all completed their works?

**The Hon. J.R. RAU:** No.

**Ms CHAPMAN:** Have they even started?

**The Hon. J.R. RAU:** Yes.

**Ms CHAPMAN:** Have any of them finished?

**The Hon. J.R. RAU:** I understand that we are still on target for our stated finish time of September this year. I had a meeting with them recently and they appear to be well seized of the matter and working away, but they are not finished and they are not expected to be finished—

**Ms CHAPMAN:** Until September.

**The Hon. J.R. RAU:** —until September.

**Ms CHAPMAN:** My understanding is that these reports are being done and then ultimately the strategy is being prepared for your approval; is that correct?

**The Hon. J.R. RAU:** I think the steps are that the material will go to cabinet and then I would be putting it out for further public discussion about the proposals.

**Ms CHAPMAN:** Who is actually writing the strategy? Is it the department when it has received these—

**The Hon. J.R. RAU:** The department is overseeing the writing of the strategy and it will be informed by, amongst other things, the consultancy.

**Ms CHAPMAN:** Is one of these consultants actually drafting it and then it is being overseen by the department or are they all providing technical reports and then someone in the department actually drafting it?

**The Hon. J.R. RAU:** Apparently it is a mixed effort. There are seven members of the consortium and seven members of the planning department staff who are making up the working group, if I can call it that. Ultimately one of each of those elements will be working together on the document, so it is a collective effort.

**Ms CHAPMAN:** Are there multiple drafters or are there multiple people to be consulted on the final draft?

**The Hon. J.R. RAU:** I gather there are two drafters: one contributed by the department and one contributed by the consultancy.

**Ms CHAPMAN:** Which consultancy?

**The Hon. J.R. RAU:** Ernst & Young.

**Ms CHAPMAN:** Will the strategy include specific project proposals?

**The Hon. J.R. RAU:** Yes, it will, and it will even include regional matters that have been the subject of either planning, discussion, or things that people think are a good idea. So, member for Goyder, if you have any thoughts about strategies out there—

**Ms CHAPMAN:** Will it include any contribution from existing projects that are out there?

**The Hon. J.R. RAU:** It would take into account existing announced projects and existing developed projects. For example, given that the government has made a commitment to the South Road Torrens to Torrens project, it would obviously proceed on the basis that that will be part and parcel of something that will unfold in whatever time line the minister has advised you, no doubt, today that will unfold.

There will be other things of that nature but, in addition to that, there will be some other things which are not yet the subject of any specific budget allocation, and some of them might conceivably go out way beyond the forward estimates. The idea is that we will be looking into the transport system for the next 30 years to see what the appropriate land use strategy, strategic infrastructure planning and transport investment should be so that there is a linkage up of all of those things.

The idea would be that this would provide an integrated land use and transport plan for the next 30 years. Some of that will roll out in the next three, four or five years, but it is contemplated that some of that would roll out much further out than that. However, once it is identified and becomes an element in the plan, that would mean that, as we do re-zones or as we do master plans for areas into the next few years, there would be areas set aside to accommodate transport corridors, for example, which will be identified through this plan.

**Ms CHAPMAN:** On the same page, regarding the review of the Development Act 1993 through the expert panel on planning reforms, which is commonly known as the Brian Hayes review, is that on track still to report at the end of next year?

**The Hon. J.R. RAU:** Yes.

**Ms CHAPMAN:** Apart from preparing a report for you on the proposed urban renewal bill legislation, which you have told the parliament about, has it reported on any other matters to you?

**The Hon. J.R. RAU:** No, I do not think so.

**Ms CHAPMAN:** Have you asked it to report on any other interim matters?

**The Hon. J.R. RAU:** No, I do not believe I have. It is worth putting on the record that there is some misapprehension out there about exactly what that Planning Improvement Project is intended to do. I am not necessarily suggesting that you have the misapprehension, but some do. Whilst the terms of reference are deliberately broad for the Planning Improvement Project and the reference group, and whilst there is no desire on my part or anyone's part to censor any contribution any person might wish to make to that group, they are not there to reinvent the 30-year plan, for example.

They are there to look at the development legislation or, in other words, the legislative architecture. Their primary function is not as a policy advisory group. Their primary function is to say, given a policy—which might be policy A, B or C—leave that undetermined, because that is a matter for politics, not a matter for the legislation, how can we best ensure that that policy, whatever it is, can be translated through the legislative framework into action? That is their task.

In doing that, they are not being selective and pushing people away because the people are not entirely focused on the legislative solution. They are listening to everybody but, because they are being so inclusive in their discussions with people, I am starting to become a bit apprehensive—and, again, I am not suggesting necessarily that you are in that position, member for Bragg—but I think some people are misapprehending that they are in some sort of global review of everything. What they are doing is not a policy review function; it is a review of the legislative framework given the current requirements we have, and given the change in the environment in the last 20 years etc., does the existing planning regime adequately reflect contemporary requirements?

**Ms CHAPMAN:** I understand it is a review of the legislation. I am not challenging that or suggesting that it is any broader; in fact, you state here on page 160 that that is exactly what it is—a review of the Development Act 1993, not policy, or programs or 30-year plans or anything else—so it will be interesting to see what they have to say in due course. Of the amendments to the Development Act, which would require amendment if you were to introduce, for example, an infrastructure levy, have you requested of the panel to give you any advice on what would be necessary for legislative reform for you to do that?

**The Hon. J.R. RAU:** Depending on the fate of other bits and pieces of legislation floating around the place, I think that that would be something that they would necessarily turning their minds to.

**Ms CHAPMAN:** They wouldn't be?

**The Hon. J.R. RAU:** Would be.

**Ms CHAPMAN:** Yes.

**The Hon. J.R. RAU:** Because any person who looks at the question of the future shape of our city objectively would realise that, unless we are going to be advocates of endless urban sprawl, which I do not think any sensible person wants, we are going to be increasingly dealing with complex re-use of land issues. Some of those will require additional infrastructure. In some of those there will be sufficient infrastructure in place with a residual capacity for that development to occur without new infrastructure having to be fitted, and that would depend on the development and its placement and so forth.

But, because these infill developments, as I might call them (or these brown fields developments, or urban re-use developments) will almost invariably not be single-owner land assemblies, they will be a mosaic of different landholders, we are going to have to have far more sophisticated arrangements in place for planning development and infrastructure provision—a whole range of things. So I believe it is inevitable that they will at least have to turn their minds to that question.

**Ms CHAPMAN:** So, have you actually asked them to have a look at that issue?

**The Hon. J.R. RAU:** Not specifically.

**Ms CHAPMAN:** Is it your intention in the forthcoming 2013-14 year to introduce infrastructure levies for future developments?

**The Hon. J.R. RAU:** Aside from the legislation that is presently before the parliament, it is not my intention prior to their reporting to do anything in that Development Act space unless some unforeseen circumstance throws up a requirement of some sort. But, essentially, in that space, my present view is that we basically have in parliament what I think is necessary to get us from where we are now to the time of this report coming out, unless an unforeseen problem emerges.

**Ms CHAPMAN:** I am assuming, Attorney, you are referring to the urban renewal bill which enables you, if it is passed in its current form, to introduce an infrastructure levy, so I am just asking—

**The Hon. J.R. RAU:** To be fair, not me.

**Ms CHAPMAN:** Somebody; the government.

**The Hon. J.R. RAU:** The authority.

**Ms CHAPMAN:** Whomever. I am just asking, given that that legislation is going through the parliament, and that it is your intention to continue this review, and that that is something that you would expect to be under consideration by the panel.

**The Hon. J.R. RAU:** I'm sorry, I missed the last bit you said then.

**Ms CHAPMAN:** That you would expect this issue of infrastructure levies to be under consideration of the panel.

**The Hon. J.R. RAU:** Yes, I think so. I think it should.

**Ms CHAPMAN:** As you point out, under the current bill you are able to introduce one. My question is: between now and the end of 2014 when this panel makes its report, is it your expectation that you will introduce an infrastructure levy for projects?

**The Hon. J.R. RAU:** No.

**Ms CHAPMAN:** Or project?

**The Hon. J.R. RAU:** No, save and except for what is presently before the parliament.

**Ms CHAPMAN:** That is what I am asking you.

**The Hon. J.R. RAU:** No, I have no intention of doing anything other than that until such time as this report comes out, and it may or may not recommend I do something else.

**Ms CHAPMAN:** Save and except what is in the bill—the bill actually provides for you to be able to introduce an infrastructure levy.

**The Hon. J.R. RAU:** No, it is a levy within existing rated—look, we might be getting into a semantic discussion here about what is meant by an infrastructure levy.

**Ms CHAPMAN:** Yes, perhaps we are.

**The Hon. J.R. RAU:** It might be that you and I may be slightly at cross-purposes about that.

**Ms CHAPMAN:** Sure.

**The Hon. J.R. RAU:** There is an element within the current bill which enables—

**Ms CHAPMAN:** A precinct authority.

**The Hon. J.R. RAU:** Pardon?

**Ms CHAPMAN:** Enables the precinct authority to introduce a fee.

**The Hon. J.R. RAU:** Yes, to use existing rates and levies—and vary, I think. That is the sum total of my aspiration about that unless, of course, the report ultimately recommends something else next year and then there is a decision taken to follow that up—but nothing in the meantime.

I will come straight back to you, but there is one matter I have been asked if I can have the indulgence of the committee, just to advise the committee of a matter. I have just been advised of this matter which might be of interest to members. I am able to confirm that the state government has today received the independent education inquiry report authored by Justice Bruce DeBelle. This follows Justice DeBelle's presentation of the report to the Governor at 2.30 pm today.

As previously stated by the government, the report will be publicly released following meetings between the Minister for Education and families involved in matters relating to the report. I understand that contact with these families has already commenced. It is anticipated these meetings will take place over the coming days and it then is expected that the report's release will follow early next week. I know members are interested in that matter, and that is the current state of affairs.

**Ms CHAPMAN:** Minister, you are actually reporting that information to this committee as Attorney-General?

**The Hon. J.R. RAU:** Yes, not as planning minister, no.

**Ms CHAPMAN:** If we could just resume your extra other important responsibility as Minister for Planning, I think the member for Goyder has a question.



**The Hon. J.R. RAU:** Yes, I am happy to get back to it member for Goyder.

**Mr GRIFFITHS:** My question is an extension of the question from the member for Bragg about the expert panel. I am presuming there is a close relationship between the Mr Mario Barone-led Development Plan Advisory Committee—DPAC.

**The Hon. J.R. RAU:** DPAC?

**Mr GRIFFITHS:** DPAC, yes. Indeed, in the consultation that it undertakes in developing issues and planning for the future, they would have identified some legislative areas, I presume, that would be forwarded onto the expert panel for review; is that correct?

**The Hon. J.R. RAU:** Sure, they may well have, yes.

**Mr GRIFFITHS:** So there is no level of feedback from you on a regular basis to actually know who has put issues into the expert panel?

**The Hon. J.R. RAU:** No, Mr Barone and DPAC are expected to and I think are, in fact, part of the reference group that is assisting the Hayes inquiry. The only regular interaction I would have with them is through DPAC reports which I am occasionally required to consider in the context of making a decision under the Development Act.

**Ms CHAPMAN:** I refer to page 159—Structure planning. The first dot point identifies expanding the program for structure planning etc., including the commencement of the Southern Corridor Structure Plan, which is one of the highlights of 2012-13. My question is: what structure plans were completed during 2012-13 and what structure planning was commenced but not completed during the year?

**The Hon. J.R. RAU:** Let's just go through ones that we can run through. The southern corridor has been commenced but, I am advised, not yet completed. That was initiated in March of this year and it is basically in progress, so that is underway. In terms of other structure plans, Playford, as you would be aware, is underway but not complete because the consultation phase of Playford is proceeding. We have talked about the southern growth corridor. Some work is being done around Roseworthy, the inner metro rim and Kangaroo Island. They are all at various stages.

**Ms CHAPMAN:** But none of them complete?

**The Hon. J.R. RAU:** None of them complete. Playford is complete in the sense of the structure planning exercise but the consultation and engagement process is still underway. In relation to the inner metro rim, my guess is, probably either as a coordinated group of plans or individual ones rolling off at different times, that would be the first to start to be completed because the DPAs are now out and it is a matter of them returning as and when they are complete, which should start to be possible over the next month or two. Kangaroo Island is by August.

**Ms CHAPMAN:** Of the structure plans for the balance, when do you expect those to be available to the public?

**The Hon. J.R. RAU:** The inner rim is out there and Playford is out there. The southern growth one is probably, I am told, the end of the year, maybe the beginning of next year. Roseworthy probably end of year, maybe.

**Ms CHAPMAN:** Are these the DPAs or the structure plans?

**The Hon. J.R. RAU:** Structure plans.

**Ms CHAPMAN:** Are the submissions to the draft structure plans all going to be published on the website?

**The Hon. J.R. RAU:** Yes, the idea is that they should all be published as occurred with Playford.

**Ms CHAPMAN:** I have asked you about one of them, for example, in the submission put in from SA Power Networks on the inner rim. Freedom of information confirmed that there are six extra substations that were going to be required for that structure plan which are not on the website. I am just really asking: are all of them going to be released?

**The Hon. J.R. RAU:** As I understand it, the policy is that they get put up on the website. The particular one you are talking about—

**Ms CHAPMAN:** You tracked that down?

**The Hon. J.R. RAU:** Yes, I thought I would make some inquiries—the member for Bragg might be onto something here. I made some inquiries and I think the answer is that the structure plan does no more or less than say if projected growth over the next 30 years occurs as projected, then over time there will eventually be a necessity for an additional group of substations which will number X and will need to be configured roughly here, here and here. I guess that is not much different, in a way, from saying that as we get an extra 50,000 people living somewhere we will probably need another school or another medical centre, or something of that nature.

Whilst it sounds, in a way, a little bit alarming that there is going to be a need for an additional X number of substations, if that is seen in the context of a 30-year growth window and all we are doing is planning for the opportunity for those to be placed now so that in 20 years or 15 years or 25 years there is not a big issue about where we are going to put this damn thing, then I think it becomes a fairly routine matter, from a planning point of view.

**Mr GRIFFITHS:** So there is no scenario where there is a dilemma about where to find an appropriate spot for a substation to go. There is land that is set aside as part of a growth of a community for this level of infrastructure to occur. Is it physically identified?

**The Hon. J.R. RAU:** They are being taken into account. I have just been advised—and it makes sense—that in areas where they already hold property they are shown, in areas where they might potentially be looking to place them in the future, there is a commercial issue about whether they actually tip their hand entirely to the marketplace about their need. There needs to be some flexibility about exact placement and so forth, but they are discussing that with planning.

**Mr GRIFFITHS:** I do understand that, minister, but it also makes a difference to the zoning of the land surrounding it as to what the land use is.

**The Hon. J.R. RAU:** Sure; agreed. All of this is being taken into account by planning.

**Ms CHAPMAN:** In any event, these are some of the structure plans underway. The reason I have used the example of the substations, minister, is because this is not a submission that has been put in to the 30-year plan. That was done and dusted a couple of years ago. This is a submission that went in on the inner rim structure plan from which you have subsequently issued a draft ministerial DPA and that process is going through as you have pointed out. It is not just a document indicating that, if the 30-year plan goes ahead, this is what the metropolitan requirements would be. It is a submission that has been put to the inner rim structure plan.

**The Hon. J.R. RAU:** Yes.

**Ms CHAPMAN:** Whilst I appreciate that they may not have identified sites and things like those the member for Goyder has raised, I just want some assurance that all of the submissions that have gone in on these structure plans are going to be available on the website.

**The Hon. J.R. RAU:** I am advised that they will all go up. Just on this point about structure plans and everything—and, again, if I am burdening people by talking about things they don't understand well, I apologise. On a computer I believe you can get a thing called Google Earth, right? You start off looking at the whole of Eyre Peninsula and the whole of Yorke Peninsula from a satellite, and then you can press buttons or something and it comes down, and then you are just looking at the Yorke Peninsula, then just Corny Point, then just Farmer Brown's backyard.

To some extent, that is what we are talking about here. The 30-year plan is like a very high level document. It is intended to lay out broad strategies for land use. We are now filling out that broad policy document with things like the integrated transport plan which is going to provide more fine grain detail around the interactions between areas that are identified there. As we have things like the northern structure plan, that provides a bit more detail in that space, all of it building off this high level document.

We are not changing things. I guess what I am trying to explain is what is happening here is we are not starting off with one point of view and then sort of turning it on its head and then doing something different. What we are doing is we are saying that the big picture is that this area is going to be an area for potential growth over the next 30 years, then we drop it down into more detail and say that, within this area, this area is likely to be zoned for light industrial or employment lands, and this bit is likely to be for recreation or whatever, and this bit is likely to be for such and such. The roads will probably go through here.

Then, as you start bringing that down, you get to the relatively fine-grained level the member for Bragg was talking about, which is those inner-rim ministerial DPAs, which actually get down to individual streets, maybe individual homes in some instances. It is all part of a logical

process. The Development Act does not actually kick into gear until you get down to the relatively fine-grained bit, which is the ministerial DPA or the council-driven DPA. When you are above that altitude in terms of the thing, there is not that sort of formal legislative requirement for consultation or eight weeks for this and 12 weeks for that. It is something on which we are actually working on the basis of what is good policy.

We are working on the basis of the Playford conversation that is going on at the moment: is this a good way to engage with the community? We think it is. That process is not explicitly mandated by the Development Act. It is something where planning is developing where, from its viewpoint, it is a first-class practice model that can be rolled out in other instances where required.

**Ms CHAPMAN:** Minister, you have indicated that the Brian Hayes review you would expect would be looking at the question of the infrastructure levy. As part of the structure planning process has the department provided any advice regarding the charging for infrastructure, either as a levy or some other model?

**The Hon. J.R. RAU:** This is where we get into this interesting point of where those who are in the planning department and for whom I have ministerial responsibility, and those who are in the urban renewal place and for whom I do not have ministerial responsibility, hand over work.

**Ms CHAPMAN:** To be clear, I am asking you, because particularly in urban renewal and given the legislation in the parliament, which will give responsibility to, currently, minister Koutsantonis to look after Renewal SA, for which he has been responsible, and for urban renewal precinct planning for example, but it all has to come back to you for approval under that proposed legislation. So, irrespective of whether he has a sub responsibility for the agency, for example, that might develop that, ultimately it has to have your approval.

**The Hon. J.R. RAU:** Yes, it does.

**Ms CHAPMAN:** That is what I am asking you.

**The Hon. J.R. RAU:** I understand where you are coming from. It is a wise check and balance to have the planning minister required to sign off on those things, but my sign off, member for Bragg, would be something like this—and it is what I actually do now all the time when I am given statements of intent or DPAs, whether council or ministerial—I say to the officers from the planning department, 'Is the infrastructure situation in respect of this proposal sorted out?' I always ask them the same question—in fact, they are sick of it.

Shortly after I became minister I even suggested that they have a ticker box thing on the front of every file, asking, 'Has infrastructure been sorted out?' If there is not a tick in that box, don't bother bringing it to me. That is the sort of process that I contemplate that legislation expects me to go through, but it does not expect me or officers of the planning department to sit down with landholders and say, 'Rightio, George, how much are you going to kick into the tin for the infrastructure?' That is a URA job.

**Ms CHAPMAN:** I am not asking for that. I am asking whether, in structure planning—that is what we are talking about here now—which you will be expanding, and so on, whether the department has provided advice on charging an infrastructure levy or model?

**The Hon. J.R. RAU:** I can understand people being confused by this because it is a bit arcane, but the planning department identifies and costs infrastructure in, for example, a structure plan. Take the Playford area. They went to all the people—the power utilities, the sewer people, whoever—and they asked questions: how much will it cost to do this—road networks? They asked all those questions and then basically provided an indicative costing for those things.

That then is at the moment handed to Renewal SA, which is the negotiator in the system and engages with landholders, local government and whoever else to resolve who pays what share of that. I can say that the EDB presently is doing a bit of work in this space as well, looking at how that can be done. I guess the point I am trying to make is that Planning is not a negotiator in that process.

**Ms CHAPMAN:** I am not suggesting it is. I think we are at cross purposes. I accept the machinery is under Mr Koutsantonis' agency to deal with, but the planning department, for which you are responsible, has a significant policy responsibility to administer, as it says, the South Australian planning and development system, leading and presenting South Australia's strategic land use and development planning, and assessing applications for land use and development. In that, as a significant policy body accountable to you, has it prepared any material for the purposes

of the structural planning, or planning generally, for you on an infrastructure levy, or an alternative infrastructure model?

**The Hon. J.R. RAU:** Okay, I think I know what the honourable member is asking about. I have asked the UDIA and others to provide me with a palette of options about how, in the abstract without any particular project in mind, government might secure funding for infrastructure provision. The EDB has been looking at this too. Leaving aside the conversation we have just had about the URA bill, the only thing I can say is reasonably clear is that around Australia some things have clearly not worked. A model that New South Wales embraced some time ago was clearly shown to be a very counter-productive model and nobody, including me, thinks that is good as a matter of policy.

My personal view at the moment—and it is one that I guess would be the one I would bring to the cabinet table in any conversation about this—is that we need the most flexible set of arrangements possible to negotiate infrastructure provision, because there is going to be such an enormous diversity of sites and requirements, from the greenfield site on the outer fringe through to the Clipsal-type development through to the urban infill, things like Westwood and such like.

Each one of those is so different in terms of what the challenges might be in terms of infrastructure and whether the infrastructure can be dealt with by way of an upfront payment, for example, or whether you use a payment which is framed over years, so that even successive landholders move in and out of being contributors to that arrangement for a finite period.

I have not received from the planning department any proposal that says, 'You must do this', or, 'You must do that', or, 'We reckon the best way to go is this or that.' It is something that we have talked about in general terms, because one of those great policy conundrums is how best you do that. I guess all I can say to you is, I think the best answer to that question is you start by looking at the particular challenge that you have with a particular site or project. You look at where the strengths and weaknesses are of that project and what the barriers are to that project being able to be commenced and you construct for that project the best infrastructure model to make that project viable.

**Ms CHAPMAN:** Given that is your view, minister, and you have not received any formal advice from your department as to options available, for example, as to any alternative, you would say, 'Keep it flexible. We have a system. We can manage it as it is,' and you are expecting the review panel to have a look at this issue.

**The Hon. J.R. RAU:** I am expecting them to have a look at it but just remember, again, in the end whatever I think about the policy tools or palette that might be there it would not be, under the present arrangements, officers of my department who would be actually engaging in the negotiation.

**Ms CHAPMAN:** I understand that, but if you do change, your department will be involved, obviously, in the development of the changes and there will be presumably some legislative or regulatory roles around a new model if there was one to be developed.

**The Hon. J.R. RAU:** I am sure we would be consulted; no question about that.

**Ms CHAPMAN:** In fairness, if there was legislative reform, you are the Minister for Planning and you were going to introduce—

**The Hon. J.R. RAU:** All I am saying, is look, just because—

**Ms CHAPMAN:** Anyway, there is nothing on the table at the moment.

**The Hon. J.R. RAU:** No.

**Ms CHAPMAN:** Are you aware whether your department is putting the submission into the review panel covering this issue?

**The Hon. J.R. RAU:** As far as I know, they have not put anything in yet.

**Ms CHAPMAN:** Are they going to?

**The Hon. J.R. RAU:** Not that I know of; not on this topic.

**Ms CHAPMAN:** On page 158—

**The Hon. J.R. RAU:** Can I say this too, bear in mind that we would expect that in the ordinary course, rather than us just making submissions to Mr Hayes' group, as part of Mr Hayes' consultation exercise, once he had got together a cluster of ideas and proposals he would, as part

of his normal consultation process, come and speak to my department or me perhaps and say, 'Look, we have had these ideas floated up, what do you think?' That is how we would interact with that process, I expect.

**Ms CHAPMAN:** Are we going to be getting a report from this review?

**The Hon. J.R. RAU:** Of course, yes.

**Ms CHAPMAN:** In the course of their deliberations, you would expect them to consult with your department?

**The Hon. J.R. RAU:** Yes.

**Ms CHAPMAN:** Then come back to you before they conclude their final report?

**The Hon. J.R. RAU:** Yes, and it could even be that one of his recommendations is that the department do certain modelling, whether it is me or whether it is minister Koutsantonis.

**Ms CHAPMAN:** On page 158, the Office for Design and Architecture SA for 2012-13 is referred to. How many people are employed in this office?

**The Hon. J.R. RAU:** I am advised nine people.

**Ms CHAPMAN:** When was it established?

**The Hon. J.R. RAU:** I believe 2012, but can I leave that to stand subject to correction. I think it started off in DPC and then eventually moved in a machinery of government change to come under, as from 1 March this year—

**Ms CHAPMAN:** You have had it for three months or less than three months?

**The Hon. J.R. RAU:** Formally, yes, but it has been the case that there has been a good exchange of ideas and everything between the government architect and planning. There has been no issue, it is just that from a machinery of government point of view it sat technically with Premier and Cabinet until 1 March.

**Ms CHAPMAN:** Is it a unit, though, that has been physically in your planning department?

**The Hon. J.R. RAU:** Yes, it is.

**Ms CHAPMAN:** What is the budget for the office for 2013-14?

**The Hon. J.R. RAU:** In 2013-14 it is \$1.638 million.

**Ms CHAPMAN:** What was its budget in 2012-13?

**The Hon. J.R. RAU:** We did not have a full year.

**Ms CHAPMAN:** I understand that, but it has still been around for a full year.

**The Hon. J.R. RAU:** We would need to go to Premier and Cabinet and ask them for bits and pieces. I mean, we can try to find out for you, but I just have not got it here.

**Ms CHAPMAN:** I will just appreciate details of what their full budget was, so presumably it is nine months in the Department of the Premier and Cabinet and three months in yours and, if I could have a total of those, I am happy to note that that will be on notice.

**The Hon. J.R. RAU:** I think we had better take it on notice, because we are not actually necessarily comparing apples with apples.

**Ms CHAPMAN:** Are the nine employees full-time equivalents or are they nine in total?

**The Hon. J.R. RAU:** That is FTEs.

**Ms CHAPMAN:** Is there proposed to be any increase in this financial year?

**The Hon. J.R. RAU:** No additional FTEs but take for example the design competition project that is going on with the RAH: there will be some people who will be brought on board on a temporary basis to be involved in that, and then when that is finished they will go away again.

**Ms CHAPMAN:** I think minister Koutsantonis told us this morning that it is half a person coming onto that.

**The Hon. J.R. RAU:** I do not know how many.

**Ms CHAPMAN:** In any event, I am happy again for this to be taken on notice, but if I could have a breakdown—

**The Hon. J.R. RAU:** That might have been his bit of DPTI's contribution to that.

**Ms CHAPMAN:** That's right.

**The Hon. J.R. RAU:** Yes, but that is not exactly what I was answering.

**Ms CHAPMAN:** No, I understand that but I am just saying that he is saying he is making a contribution to that project as well.

**The Hon. J.R. RAU:** Yes.

**Ms CHAPMAN:** In any event, apart from temporary appointments—

**The Hon. J.R. RAU:** We are delighted to hear that. Can you please tell us the page of *Hansard* just in case—

**Ms CHAPMAN:** We already have a directorate.

**The CHAIR:** Good government, helping with additional information.

**The Hon. J.R. RAU:** Good, thank you.

**Ms CHAPMAN:** Could you provide a breakdown of the employee positions, then, and the salary for each position?

**The Hon. J.R. RAU:** You are asking for the government architect.

**Ms CHAPMAN:** Yes, the office, yes. I am still on the office.

**The Hon. J.R. RAU:** We will get it, yes.

**Ms CHAPMAN:** I will come to the Office of Design and Architecture in managing the current RAH site that you announced earlier in the week. I have asked your other colleagues the same question. Have you sought any legal advice about using prizes in lieu of payment for design work?

**The Hon. J.R. RAU:** I am advised that there has been an approach to the Crown to provide advice about this matter. I must say it did not occur to me until Mr Hanlon mentioned it but this might be conceived to be a lottery.

**Ms CHAPMAN:** Or tax avoidance.

**The Hon. J.R. RAU:** Indeed—or tax avoidance.

**Ms CHAPMAN:** I am not expecting Mr Bowen to have jumped into the job this morning and immediately thought what they are doing in South Australia is possibly avoiding taxation, in his new job as federal treasurer, but I did ask the other minister whether there had been any correspondence either in seeking advice or receiving advice from the Australian Taxation Office on this type of format to pay for professional services under a lottery arrangement or a prize.

**The Hon. J.R. RAU:** I am advised that it probably is a lotteries issue. We do not have final advice on this thing yet, but it is probable that the \$100,000 which is, I think, given to the six contenders would be characterised as an honorarium.

**Ms CHAPMAN:** The plot thickens.

**The Hon. J.R. RAU:** This is preliminary advice. It might be that in the context of this particular proposal, the final amount would be a taxable amount, but that is preliminary advice. By the way, I make the point that they are clearly not employees—

**Ms CHAPMAN:** No, I am not suggesting they are.

**The Hon. J.R. RAU:** —so it would be on their head—

**Ms CHAPMAN:** To disclose income.

**The Hon. J.R. RAU:** —the taxation issue and they should speak to their accountants.

**Ms CHAPMAN:** I hope you're right. Just in relation to page 159, I am going to ask you about the events for the Leigh Street and Bank Street redevelopments. What is the total estimated expenditure on events in Leigh Street and Bank Street in 2012-13, and what is the proposed expenditure on events in Leigh Street and Peel Street in 2013-14?

**The Hon. J.R. RAU:** This is for the year 2012-13. I will give you even more than you asked for—how's that?

**Ms CHAPMAN:** Excellent.

**The Hon. J.R. RAU:** The total for Leigh Street is \$393,797, of which \$276,338 was for urban design and traffic management consultancy; \$18,081 was for a placemaking and activation program which involved collaborating with local traders to enhance the vibrancy and use of Leigh Street through 15 events, including three attended activation week events in winter, spring and summer, and engagement with mobile food operators and pop-up businesses which led to partnerships.

**Ms CHAPMAN:** That's not consultancies: that's parties.

**The Hon. J.R. RAU:** Pardon?

**Ms CHAPMAN:** I am listening intently.

**The Hon. J.R. RAU:** There was \$66,930 for public realm enhancements, which included 11 trees, planter boxes, outdoor furniture, bollards, etc. Then there was \$25,000 for pedestrian counts/evaluation surveys, which was part of the evaluation process of the demonstration project. Some of the things we have been able to ascertain by virtue of this is a 102 per cent increase in pedestrians visiting the street at lunchtime, and a 10 per cent to 40 per cent increase in turnover for small businesses. I will not mention the individual ones but there is a range there.

**Ms CHAPMAN:** The Liberal Party could be one.

**The Hon. J.R. RAU:** It could be. The Liberal Party has actually done extraordinarily well out of this.

**Ms CHAPMAN:** We have.

**The Hon. J.R. RAU:** And don't ask, 'What has the government done for you?'

**Ms CHAPMAN:** I am not sure that you surveyed them but I am happy to have a look.

**The Hon. J.R. RAU:** The next one is Bank Street: total \$1,036,672 of which \$635,250 was for Parklet fabrication; \$200,000 for fibre optics and five CCTV cameras; \$40,000 for public art; \$33,000 for trees and landscaping; \$30,000 for evaluation surveys/traffic surveys, etc.; \$40,000 for the raised footpath, which I expect is the bit at the beginning where it intersects with North Terrace; \$11,756 for placemaking and activation events, which was two bands and guest celebrity chef (which actually included me as a guest of the guest).

**Ms CHAPMAN:** I hope not singing.

**The Hon. J.R. RAU:** And I did not sing, nor did I charge for my work. That included lighting, sound systems, marquees, portable toilets, stage and road closure permit. There was \$7,800 for bike lanes/signage. As we understand here, we have had traders reporting between 10 per cent and 65 per cent increases in turnover as a result of that. I will not go into the individual traders for confidentiality reasons.

**Ms CHAPMAN:** Part of my question was the budget for the expenses on these two streets and Peel Street in 2013-14. If you do not have that I am happy for you to take it on notice.

**The Hon. J.R. RAU:** For 2013-14 I do not think there is anything on Peel Street, in the sense that I do not think Peel Street is something we have a budget for; however, I will check those things out. I think you will find that Peel Street is largely a product of the critical mass that these other two programs have developed in that precinct, and it is private money.

**Ms CHAPMAN:** Anyway, at this stage, there is no budgeted expenditure for events or other improvements to the two main streets?

**The Hon. J.R. RAU:** No.

**The CHAIR:** There being no further questions I declare consideration of the proposed payments adjourned and referred to committee B.

At 17.20 the committee adjourned until Friday 28 June 2013 at 09.30