

HOUSE OF ASSEMBLY
Friday 28 June 2013
ESTIMATES COMMITTEE A

Chair:

Hon. M.J. Wright

Members:

Hon. I.F. Evans
Hon. S.W. Key
Mr M.R. Goldsworthy
Mr. L.K. Odenwalder
Mr A.J. Sibbons
Mr D.C. van Holst Pellekaan

The committee met at 9:30

DEPARTMENT OF TREASURY AND FINANCE, \$61,572,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE,
\$1,702,329,000

Witness:

Hon. M.F. O'Brien, Minister for Finance, Minister for Police, Minister for Correctional Services, Minister for Emergency Services, Minister for Road Safety.

Departmental Advisers:

Mr M. Walker, Commissioner, State Taxation, RevenueSA.
Mr B. Rowse, Under Treasurer, Department of Treasury and Finance.
Mr D. Reynolds, Executive Director, Department of Treasury and Finance.
Mr A. Blaskett, Executive Director, Department of Treasury and Finance.
Mr R. Smith, Chief Executive Officer, Funds SA.
Mr S. Rowe, General Manager, Super SA.
Mr P. McAvaney, Director, Policy, Super SA.
Mr K. Cantley, General Manager, South Australian Government Financing Authority.
Mr M. Brown, Acting Chief of Staff.

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.

The Hon. M.F. O'BRIEN: We have, yes.

The Hon. I.F. EVANS: Apparently.

The CHAIR: Changes to committee membership will be notified as they occur. Members should ensure that the Chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 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, and I invite the minister to make an opening statement and to introduce his advisers.

The Hon. M.F. O'BRIEN: I have no opening statement, and I think that I will announce the advisers as they come to the table.

The CHAIR: Perhaps you could just announce the ones you have at the table now.

The Hon. M.F. O'BRIEN: To my immediate is Brett Rowse, to the far left is Mike Walker, Commissioner of Taxation, and to my right is David Reynolds, Executive Director, Budget Branch. Brett, I think you all know, is the Under Treasurer. Mr Chair, as I request advice, I will inform the committee who they are.

The CHAIR: Thank you. The shadow minister.

The Hon. I.F. EVANS: Minister, Budget Paper 3, page 45, deals with payroll tax in a general sense. What is the cost to the budget in each financial year across the forward estimates to increase the payroll tax threshold to \$700,000? In the same vein, I ask the same question relative to increasing the payroll tax threshold to \$800,000, relative to increasing it to \$900,000 and, again, increasing it to \$1 million?

The Hon. M.F. O'BRIEN: That is of a hypothetical nature and, as you are aware, I would not have those figures at my immediate disposal.

The Hon. I.F. EVANS: But I am happy for you to take them on notice and provide them by the 27 September date, which is the process allowed under estimates. RevenueSA does the tax modelling for government and RevenueSA is before the committee, and I am asking you, as minister. I am happy for you to take them on notice.

The Hon. M.F. O'BRIEN: Yes, we will take that on notice.

The Hon. I.F. EVANS: And provide the answer by 27 September?

The Hon. M.F. O'BRIEN: Yes, that is fine.

The Hon. I.F. EVANS: On the same budget line, what is the cost to the budget to decrease the payroll tax rate from 4.95 per cent to 4.9 per cent each year across the forward estimates; the same question, to decrease it to 4.85 per cent across the forward estimates; the same question, to 4.8 per cent across the forward estimates; the same question, to 4.75 per cent across the forward estimates; and, the same question, to 4.7 per cent across the forward estimates?

The Hon. M.F. O'BRIEN: Similarly, it is not really a question directly related to the budget, but we will provide those figures.

The Hon. I.F. EVANS: On a similar vein, and on the same budget line, what is the cost to budget each year across the forward estimates to decrease the payroll tax rate to 4.9 per cent and increase the threshold to \$700,000; then, the same question, to \$800,000; the same question, to \$900,000; and, the same question, to \$1 million?

The Hon. M.F. O'BRIEN: It is a similar response to the preceding two questions: it is not really budget related, but we will do the work for you.

The Hon. I.F. EVANS: Well, I beg to differ: they are budget related. The government has announced payroll tax changes and these are the changes they did not announce, so I am simply asking what the cost to budget would be. Also, in that last question and on a similar basis, exactly the same question, except decreasing the rate to 4.8 per cent across the four different thresholds, and, the same question again, decreasing the rate to 4.7 per cent across the thresholds.

The Hon. M.F. O'BRIEN: We will take it on notice and come back to you on that.

The Hon. I.F. EVANS: Budget Paper 4, page 199, deals with the transport development levy. The government announced this back in the Mid-Year Budget Review and it has reannounced it in this budget. What is the cost to budget to abolish the transport development levy?

The Hon. M.F. O'BRIEN: That is a matter for the Treasurer.

The Hon. I.F. EVANS: RevenueSA is not modelling the transport development levy?

The Hon. M.F. O'BRIEN: No, it falls specifically within the Treasurer's area of responsibility.

The Hon. I.F. EVANS: So RevenueSA is not modelling it?

The Hon. M.F. O'BRIEN: Treasury is doing the modelling.

The Hon. I.F. EVANS: So Mr Walker's section is not having anything to do with the transport development levy? They are not going to collect it? Doesn't RevenueSA do the collection? Isn't RevenueSA going to be collecting the transport development levy?

The Hon. M.F. O'BRIEN: The figures are included in the Mid-Year Budget Review, so they are accessible.

The Hon. I.F. EVANS: Yes, but that is the revenue figure. There is a cost to collect. RevenueSA is the collection agency for government. What is the cost to collect the transport development levy?

The Hon. M.F. O'BRIEN: That figure was published in the Mid-Year Budget Review, as well. We are just calling it up, but it was published.

The Hon. I.F. EVANS: While we are looking that up, will your agency have to pay the transport development levy for any car parks it might access for its staff?

The Hon. M.F. O'BRIEN: In answer to your question, it was \$1.8 million to set up the system, and then ongoing around \$400,000, I think. For 2013-14, \$334,000; 2014-15, \$418,000; and then in 2015-16, \$428,000. That was page 65 of the Mid-Year-Budget Review.

The Hon. I.F. EVANS: And those figures still hold as of today even though the modelling has changed? The Premier is out there talking about certain exemptions. That is not going to increase the cost of collection?

The Hon. M.F. O'BRIEN: No; we have not changed it.

The Hon. I.F. EVANS: With regard to your agency and the transport development levy, will your agency have to pay the transport development levy for any car parks that it might offer its staff?

The Hon. M.F. O'BRIEN: Yes.

The Hon. I.F. EVANS: How many? How many car parks do you have and how much will it cost you?

The Hon. M.F. O'BRIEN: Are you asking specifically about the agency or across government?

The Hon. I.F. EVANS: Well, if you are prepared to give me the across-government figure I will take it, but if you are not prepared to give me that I will have it for your agency.

The Hon. M.F. O'BRIEN: I will provide both.

The Hon. I.F. EVANS: Okay. Who is the collection agency for this tax?

The Hon. M.F. O'BRIEN: RevenueSA.

The Hon. I.F. EVANS: Good; so RevenueSA is collecting it. How many car parks is RevenueSA collecting from across the city? What is the proposed number of car parks?

The Hon. M.F. O'BRIEN: As I said from the outset, that really did fall very specifically within the Treasurer's remit. I do not have the material with me, but we will supply it.

The Hon. I.F. EVANS: But RevenueSA's chief executive is with us. The budget line we have got open is RevenueSA, so why is it you are unable to ask RevenueSA's chief executive on what basis is the—I am asking questions of you, minister, because RevenueSA—

The Hon. M.F. O'BRIEN: Yes; the estimates applied to the year 2013-14, we are dealing with the year 2014-15; so RevenueSA will not be collecting that tax in the next financial year.

The Hon. I.F. EVANS: They are spending 1.8 million, or whatever it was, setting up the system in the next 12 months; is that right?

The Hon. M.F. O'BRIEN: Yes, getting the system ready.

The Hon. I.F. EVANS: Okay; the system is designed to collect the tax off of how many car parks?

The Hon. M.F. O'BRIEN: I will get you the figure, but I have been informed that the setting up of the system is not significantly influenced, if you like, by the number of car parks. The setup cost is not directly related to the number of car parks.

The Hon. I.F. EVANS: But the \$1.8 million, I think was, provided by Mr Reynolds, is that going to be spent all by 30 June 2014?

The Hon. M.F. O'BRIEN: That is what the Mid-Year-Budget Review indicated, and I have heard nothing to the contrary.

The Hon. I.F. EVANS: Yes, but the Mid-Year-Budget Review sometimes gets it wrong.

The Hon. M.F. O'BRIEN: Well, that is what I have been informed.

The Hon. I.F. EVANS: Is that Mr Walker's expectation?

The Hon. M.F. O'BRIEN: Yes, it is.

The Hon. I.F. EVANS: So there will be no saving there if it is abolished; it will be sunk. In relation to your agency, is there any fringe benefit tax applicable to the car park tax that your agency will be paying?

The Hon. M.F. O'BRIEN: Yes, there would be.

The Hon. I.F. EVANS: How much is the fringe benefit tax per car park, based on the proposed levy of \$750 per car park?

The Hon. M.F. O'BRIEN: We do not have that number with us.

The Hon. I.F. EVANS: So the head of Treasury hasn't modelled it, the head of RevenueSA hasn't modelled it, your own agency hasn't modelled how much the car park tax is going to cost. What is the car park tax going to cost your agency?

The Hon. M.F. O'BRIEN: Well, I was going to return with a figure. At this particular point in time, I do not know the number. It is inconceivable that I would actually know the dollar impact. We will return with that figure.

The Hon. I.F. EVANS: It is inconceivable that the head of Treasury does not know how much it is going to impact on his own agency. If you are not prepared to ask him that, that is fine.

The Hon. M.F. O'BRIEN: In fairness, there is only so much you can carry around in your head. As I said, this is a matter for the Treasury. You had the opportunity to ask the Treasurer, and I have not read the transcript but it would appear that you missed your opportunity. It does not apply in the next financial year. All that applies in the next financial year is the set-up cost.

The Hon. I.F. EVANS: So, would it be a fair assumption, if it is the normal rate of fringe benefits tax, that the fringe benefits tax would be \$718?

The Hon. M.F. O'BRIEN: We will check.

The Hon. I.F. EVANS: Are agencies being supplemented for the extra cost of the transport development? Is your agency being supplemented for the extra cost for both the transport development levy and fringe benefits tax implications for your agency, or does that have to be found out of savings?

The Hon. M.F. O'BRIEN: Give me the budget line.

The Hon. I.F. EVANS: The same budget line, the transport development levy. Budget Paper 4, Volume 4, page 199.

The Hon. M.F. O'BRIEN: Does that apply to the set-up figure, does it?

The Hon. I.F. EVANS: Sorry?

The Hon. M.F. O'BRIEN: Does that apply to the set-up figure? I mean, we are talking about the coming financial year and all that I have to respond to is the set-up cost.

The Hon. I.F. EVANS: So, either you do not know or you are not prepared to tell us what the extra cost to your agency is?

The Hon. M.F. O'BRIEN: As I have indicated on numerous occasions, we will provide you with that information.

The Hon. I.F. EVANS: In relation to RISTEC, which has been an ongoing issue within the agency.

The CHAIR: Is this the same budget line?

The Hon. I.F. EVANS: Yes; it is on the same page, basically. It is a very small agency. What is the latest cost estimate of RISTEC?

The Hon. M.F. O'BRIEN: It is \$48.8 million and it is currently under review.

The Hon. I.F. EVANS: It is under review?

The Hon. M.F. O'BRIEN: Yes.

The Hon. I.F. EVANS: Who is reviewing it? Is it an internal review or an external consultant?

The Hon. M.F. O'BRIEN: It is internal.

The Hon. I.F. EVANS: Why are we doing a review now? What is the purpose of the review?

The Hon. M.F. O'BRIEN: We have made—

The Hon. I.F. EVANS: Sorry, minister; did you say \$48 million?

The Hon. M.F. O'BRIEN: Yes; \$48.8 million.

The Hon. I.F. EVANS: And the purpose of the review?

The Hon. M.F. O'BRIEN: There has been a delay with release 2 that relates to land tax. You are probably aware that we have launched release 1, which dealt with payroll tax, and that has been operating now for several months and is problem free. Release 2 has been held up. I think there have been specific issues related to the testing.

As you would understand, and probably would meet with your full agreement, we do not really want to impose any inconvenience on the business community. We want to ensure that when release 2 goes live it is problem free, but there has been a delay and because of the delay we are going to have to review the all-up cost of delivering RISTEC, but that will be funded, again, internally.

The Hon. I.F. EVANS: So the \$48 million, is that capital, or capital-operational, and if it is capital-operational what is the split?

The Hon. M.F. O'BRIEN: It is a combination of both, and they are split—

The Hon. I.F. EVANS: While you are getting that figure, minister: the 2013-14 budget papers, page 50, say that the RISTEC project cost is \$33.2 million capital and \$19.8 million operational; that is \$53 million, not \$48 million. So, what is the difference in the figures?

The Hon. M.F. O'BRIEN: Sorry, the—

The Hon. I.F. EVANS: Budget Paper 5 talks about RISTEC being \$33.2 million capital and \$19.8 million operational, which is \$53 million, not \$48 million.

The Hon. M.F. O'BRIEN: It is included in the footnote:

- (a) The total project cost for the Taxation Revenue Management System (RISTEC) project is \$52.9 million, comprising \$33.2 million investing expenditure and \$19.8 million operating expenditure. These costs include funding for updates to the system to incorporate changes to taxation arrangements (e.g. Housing Construction Grant and Stamp Duty off the plan).

When RISTEC was being modelled up, those changes were not incorporated; they have kind of materialised after the initial commitment to RISTEC, but they are inescapable and have had to be brought into RISTEC.

The Hon. I.F. EVANS: RISTEC was originally announced in the 2002-03 budget with a cost of \$2.4 million and a completion by June 2003. Why has there been such a huge delay and a cost blow-out?

The Hon. M.F. O'BRIEN: We will have to check, but we believe that the figure that you are citing was probably initial investigation costs. It is inconceivable that we could set up something as comprehensive as RISTEC for that amount of money. But, if you want to supply us with a source, we will come back to you.

The Hon. I.F. EVANS: Just go to the budget papers for the year I quoted.

The Hon. M.F. O'BRIEN: Yes, sure.

The Hon. I.F. EVANS: Minister, in Budget Paper 4, Volume 4, page 199, the government has announced a change to payroll tax rebates (this is the '\$22 million over two years' scheme). How does this work? Do the businesses actually pay the full payroll tax in and then get a cheque back at the reduced rate? Is that how it works?

The Hon. M.F. O'BRIEN: I will get Mike Walker—the relaying of information is taking a little time, so we will get it straight from the horse's mouth.

Mr WALKER: Thank you. At the close of the financial year, when payroll tax and annual reconciliation is done—at the completion of the annual reconciliation process, that will determine what the payroll-taxed employees' true wages were for the financial year, and then a refund cheque will be forwarded to them based upon that; they will not be doing the administrative work for it. We will have the information in our database, and the cheques will be sent out via RevenueSA. It is likely to be sent out, in respect to this year, around the end of October 2013.

The Hon. I.F. EVANS: What was wrong with the idea of simply changing the legislation to say that the rate they pay is the lower rate and then not have to get your bureaucrats to process a cheque and send it back?

The Hon. M.F. O'BRIEN: It was felt that by legislative change we would actually slow down matters and this was the quickest way to get the cheque to the taxpayer.

The Hon. I.F. EVANS: So what is the extra cost to Mr Walker's section to process all these cheques? In other words, what is the cost of this new scheme to the agency to administer, rather than just changing the legislation?

The Hon. M.F. O'BRIEN: An amount of \$920,000 has been provided to manage the concession arrangements.

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

The Hon. M.F. O'BRIEN: No, in total.

The Hon. I.F. EVANS: So it is a 5 per cent admin burden, roughly.

The Hon. M.F. O'BRIEN: Well, it would not be because it is—

The Hon. I.F. EVANS: So of \$11 million tax collected, you are spending \$500,000 a year roughly on admin costs. That is alright, I just wanted to check what the admin costs were. On payroll tax, still the same budget line, the government changed the payroll tax rebate for apprentices and trainees and now offers payroll tax rebate for group training schemes only. What is the current cost of that scheme across the forward estimates?

The Hon. M.F. O'BRIEN: It is a grant program out of DFEEST, so you would have to ask the relevant minister.

The Hon. I.F. EVANS: Okay, so the old program that was cancelled, that was DFEEST, or was that in this agency—\$120 million over four years?

The Hon. M.F. O'BRIEN: The previous arrangement was ours because it related to payroll tax. The new arrangement sits within DFEEST.

The Hon. I.F. EVANS: Then, if you can take on notice for me, what is the cost across the forward estimates to reinstate a payroll tax exemption for all apprenticeships—not trainees, but just apprenticeships? The government announced previously it was selling the state admin and surrounds—Budget Paper 4, Volume 4—Asset Sales. Can you update the house on the timing of that sale process?

The Hon. M.F. O'BRIEN: Could you give me the page number on that?

The Hon. I.F. EVANS: It is under Asset Sales, Budget Paper 4, Volume 4.

The Hon. M.F. O'BRIEN: What page?

The Hon. I.F. EVANS: Sorry, I did not write down the page.

The Hon. M.F. O'BRIEN: I have been informed that this again is a responsibility that sits within the ambit of the Treasurer's responsibilities.

The Hon. I.F. EVANS: Your agency was responsible for the sale of forests and lotteries? Yes. Referring to page 204 of Volume 4, what was the total cost of selling the forests and what was the total cost of selling the licence for the lotteries?

The Hon. M.F. O'BRIEN: Again, it is a matter for the Treasurer.

The Hon. I.F. EVANS: So your agency is responsible for selling them but I cannot ask you the cost?

The Hon. M.F. O'BRIEN: The lines for which I am responsible do not cover that area of policy.

The Hon. I.F. EVANS: The finance section of government sold the forests, yes?

The Hon. M.F. O'BRIEN: No.

The Hon. I.F. EVANS: No? Your agency did not sell the forests?

The Hon. M.F. O'BRIEN: Treasury did. We do not have a finance section per se; it is one agency.

The Hon. I.F. EVANS: In relation to land tax—and I will get the right page for you so that it is formally on the record; and again you will need to take these on notice—on page 45 of Budget Paper 3, what is the cost to the budget each year across the forward estimates of increasing the maximum threshold to \$1.5 million; the same question but increasing the threshold to \$2 million; and the same question but increasing the threshold to \$2.5 million? What is the cost to the budget each year of the forward estimates for reducing the top rate of land tax from 3.7 to 3.25 per cent; the same question down to 3 per cent; and the same question down to 2.75 per cent?

What is the cost to the budget each year across the forward estimates of increasing the land tax threshold to \$1.5 million with a top rate of 2.5 per cent; the same question but increasing the threshold to \$2 million with a rate of 2.5 per cent; and the same question but increasing the threshold to \$2.5 million with a rate of 2.5 per cent? Treasurer Foley introduced some amendments to aggregate land values for the purpose of land tax. What would be the cost to the budget to reverse that particular policy position across the forward estimates? Do we have SAFA?

The Hon. M.F. O'BRIEN: Member for Davenport, you have probably had dealings with Kevin Cantley, who sits to my far left, who is the general manager of the SA Government Financing Authority, Department of Treasury and Finance.

The Hon. I.F. EVANS: Yes; Mr Cantley is well known, of Adelaide Oval fame. Budget Paper 4, Volume 4, pages 200 and 201 deal with Fleet SA, Fleet Services. Last year, Mr Cantley, you gave evidence that there was, or there was likely to be, a \$50 million surplus in Fleet SA. We note that there has been a \$20 million drawdown this year, as I understand it, out of Fleet Services. Can you confirm that? And what is the excess? Last year it was going to be \$50 million; what is the likely excess this year?

The Hon. M.F. O'BRIEN: The starting point is \$56 million. There is going to be a drawdown or special dividend of \$20 million, which means that the end of year position for 2013-14 is \$36 million, and that is largely a buffer, if you like, for potentially less than favourable results in the resale of our motor vehicles. So, it is held there as a buffer. It may not be drawn down, but it may in part.

The Hon. I.F. EVANS: Who sets the buffer?

The Hon. M.F. O'BRIEN: SAFA makes recommendations to the Treasurer.

The Hon. I.F. EVANS: What is their recommended level of buffer?

The Hon. M.F. O'BRIEN: It is the \$36 million that—

The Hon. I.F. EVANS: It is exactly \$36 million? It is not \$25 million or \$30 million? It just happens to be \$36 million?

The Hon. M.F. O'BRIEN: There is some work planned to be done this year to see whether we can reduce the amount that we have set aside for a buffer. It is a very prudent thing to do.

The Hon. I.F. EVANS: So the government is trying to reduce the buffer in this area. Is it only Fleet SA or fleet services where they are doing it, or is it across the whole of SAFA?

The Hon. M.F. O'BRIEN: I cannot canvass wider. Fleet is my specific responsibility and that is the work that we are doing in that area.

The Hon. I.F. EVANS: But SAFA is your responsibility. Yes?

The Hon. M.F. O'BRIEN: Parts of it.

The Hon. I.F. EVANS: That is why we are having estimates, because you are the minister responsible for SAFA.

The Hon. M.F. O'BRIEN: Parts of, yes.

The Hon. I.F. EVANS: In your parts, what is the purpose of trying to lower the bar? It is clearly obvious, isn't it, that the government is going to raid SAFA prior to the election? That is what you are doing.

The Hon. M.F. O'BRIEN: It is not so much lowering the bar but determining the appropriate level for the bar.

The Hon. I.F. EVANS: Has there been any instruction to SAFA or fleet services to reduce their level of reserve, and does it take a direction from the minister for them to do that?

The Hon. M.F. O'BRIEN: No, there has been no direction from me.

The Hon. I.F. EVANS: Or the Treasurer?

The Hon. M.F. O'BRIEN: On my understanding, not from the Treasurer either. It is just a prudent thing to do to be continually revising financial measures.

The Hon. I.F. EVANS: Maybe you could spend it on roads. It is pretty obvious you are going to raid it. SAFA deals with all the old industry assistance grants. Can you update the committee on reclaiming the money from Tiger Airways?

The Hon. M.F. O'BRIEN: Could you give me a reference?

The Hon. I.F. EVANS: Yes, it is the same reference. It is all the same office.

The Hon. M.F. O'BRIEN: I will refer this to Kevin. Member for Davenport, the figure is \$1.4 million plus GST that we have recovered from Tiger.

The Hon. I.F. EVANS: Is that the end of the deal? Is there any more to be recovered?

The Hon. M.F. O'BRIEN: My understanding is that that is the end of the deal, and Mr Cantley is of the view that it is probably on the public record somewhere, and it did receive some publicity at the time.

The Hon. I.F. EVANS: How much did we grant them originally?

The Hon. M.F. O'BRIEN: It was \$2.25 million.

The Hon. I.F. EVANS: So, for the \$800,000, how many jobs did we get?

The Hon. M.F. O'BRIEN: No, we do not have that.

The Hon. I.F. EVANS: If you could take that on notice and send it through, that would be good.

The Hon. M.F. O'BRIEN: Yes.

The Hon. I.F. EVANS: I refer to Budget Paper 4, page 200, Insurance and Fleet Services. The FTEs have dropped by 38 but the expenses have only gone down \$2 million. I am just wondering how those figures reconcile?

The Hon. M.F. O'BRIEN: We will take that on notice, member for Davenport. Apparently we will have to do some work on the reconciliation to give you an exact figure.

The Hon. I.F. EVANS: Minister, I notice that in your agencies—the section we are dealing with in this one-hour session—they simply report expenses and income. For instance, on fleet services it just says 'expenses \$6 million' and 'income \$6 million', so there is no breakdown of

service, supplies, FTEs, etc. There is in the introductory section, but on all the programs they do not break it down. So, can you take it on notice and forward to the committee in your answers the breakdown of those? It seems bizarre that there is no breakdown of that in the budget paper.

The Hon. M.F. O'BRIEN: It is consistent across government and it is contained in the SAFA annual report. If you want us to supply you with the requisite information from the annual report, we are more than willing to do so.

The Hon. I.F. EVANS: I have read the annual report, but that is for last year and the budget is for next year, so the figures do not marry up. So, referring me to the annual report of what happened last year for what will happen next year does not help me a lot, so I just ask for those figures. Can we now have Super SA?

The Hon. M.F. O'BRIEN: Sitting now at my far left is Stephen Rowe, General Manager of Super SA, Department of Treasury and Finance.

The Hon. I.F. EVANS: I refer to Volume 4, page 203. I notice last year you had actual membership in 2011-12 of 204,000 people; you were projecting 187,000 and ended up with 205,000. I am just wondering: what was the projection of 187,000 all about? How did you get that so wrong?

The Hon. M.F. O'BRIEN: We will come back to you; we have to determine the basis on which that projection was made.

The Hon. I.F. EVANS: The annual report talks about an organisational review, where you recruited 75 full-time positions. I am just wondering how many positions were reduced in the agency in that section, or did you simply increase it by 75?

The Hon. M.F. O'BRIEN: What occurred with the reorganisation was that there was a spill of positions. The 75 positions in large part were filled internally and, as a result of the organisational review, the number of FTEs fell from 124 to 114.

The Hon. I.F. EVANS: So, there has been a 10 FTE reduction?

The Hon. M.F. O'BRIEN: Yes.

The Hon. I.F. EVANS: In the annual report, the admin costs increased from \$13.9 million to \$14.9 million. If we had 10 people fewer, why did the costs go up?

The Hon. M.F. O'BRIEN: Member for Davenport, I think it could probably be explained in terms of upskilling the labour force within that area.

The Hon. I.F. EVANS: But if they spilled every position—they spilled the positions and recruited 75 people back—didn't they recruit them with the right skills?

The Hon. M.F. O'BRIEN: It would appear, member for Davenport, that some people received a promotion.

The Hon. I.F. EVANS: I notice in the report that for the 2011-12 year the assets of the South Australian government superannuation scheme decreased due to investment returns not exceeding the cash outflows. What was the decrease for the 2011-12 year and what is the performance, so far, for this year?

The Hon. M.F. O'BRIEN: In essence, in 2011-12 earnings were down because of the stock market performance but outgoings were up because of the baby boomer demographic bulge and more people were retiring. Earnings were down and it was the beginning of this phenomenon of boomers exiting.

The Hon. I.F. EVANS: What was the level of decrease that year?

The Hon. M.F. O'BRIEN: Earnings return or value of assets?

The Hon. I.F. EVANS: Value of assets.

The Hon. M.F. O'BRIEN: We will have to come back with a number. There is a bar graph in the annual report but it would just be a guesstimate.

The Hon. I.F. EVANS: They might want to look at how they do their annual report so Her Majesty's loyal opposition can read it and not work out a bar graph. What about this year? Are we in a better position this year?

The Hon. M.F. O'BRIEN: As of 20 June, the growth fund year-to-date movement was 15.5 per cent and the balanced fund 13.93 per cent.

The Hon. I.F. EVANS: Is that going to offset the cash outflows? Will the net asset position be increasing based on those figures?

The Hon. M.F. O'BRIEN: Yes.

The Hon. I.F. EVANS: Can we turn to Funds SA? Funds SA owns some properties and wrote off some transaction costs on a few premium grade acquisitions. What was the level of write-offs?

The Hon. M.F. O'BRIEN: We do not hold properties directly. We do it through a pooled fund arrangement, so could you give me a bit of an explanation as to what write-off you are referring to.

The Hon. I.F. EVANS: The one reported in the annual report on page 22, 'Property A and B portfolios slightly underperformed the benchmark'.

The CHAIR: Which budget paper are you referring to?

The Hon. I.F. EVANS: Exactly the same budget paper.

The Hon. M.F. O'BRIEN: I think we are allowing you a bit of latitude in that you are referring to annual reports, which makes it a little difficult for other people in the chamber to follow, but we will persevere. Rich has informed me that page 22 of his version does not actually have that reference.

The Hon. I.F. EVANS: Of his annual report? Under Property? Bottom right-hand corner? Asset classes?

The Hon. M.F. O'BRIEN: With a pooled fund, at the time of acquisition of a new property the transactional funds are written off against the capital value of the property, so that would be the explanation.

The Hon. I.F. EVANS: Do we know the dollar value of the write-offs?

The Hon. M.F. O'BRIEN: We will take that on notice, member for Davenport.

The Hon. I.F. EVANS: Minister, on page 10 of the Funds SA annual report, regarding the US investment grade credit spreads, do they provide regular updates to the minister on the credit spreads for South Australia versus other states?

The Hon. M.F. O'BRIEN: That is a matter for SAFA and the Treasurer.

The Hon. I.F. EVANS: So you never see them, the credit spreads?

The Hon. M.F. O'BRIEN: No, I don't.

The Hon. I.F. EVANS: Right. But you are responsible for SAFA and Funds SA, yes?

The Hon. M.F. O'BRIEN: Yes, excluding international bond raisings.

The Hon. I.F. EVANS: What about domestic? South Australia v Victoria and New South Wales?

The Hon. M.F. O'BRIEN: No, I have no responsibility for it if it is described as capital raisings.

Membership:

Mr Whetstone substituted for Mr van Holst Pellekaan.

DEPARTMENT OF THE PREMIER AND CABINET, \$95,827,000

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

Witness:

Hon. M.F. O'Brien, Minister for Finance, Minister for Police, Minister for Correctional Services, Minister for Emergency Services, Minister for Road Safety.

Departmental Advisers:

Mr J. Maguire, Chief Executive Officer, Motor Accident Commission.
Mr D. Mazzone, Director, Project Office, Motor Accident Commission.
Ms V. Santo, Senior Accountant, Motor Accident Commission.
Mr F. Bartlett, Chief Investment Officer, Motor Accident Commission.
Mr R. Emery, Secretary, Motor Accident Commission.
Mr S. Rowe, General Manager, Super SA.
Mr A. Blaskett, Executive Director, Treasury and Finance.
Mr D. Reynolds, Executive Director, Treasury and Finance.

The CHAIR: I declare the proposed payment open for examination. I invite the minister, once his staff have joined him, to introduce them. We are now looking at Motor Accident Commission, SA Lotteries, SA Government Insurance and Fleet, Strategic Procurement, Service SA, Shared Services, and Government Publishing.

The CHAIR: No opening statement, minister?

The Hon. M.F. O'BRIEN: No, there isn't.

The CHAIR: Okay. Is the member for Davenport ready?

The Hon. I.F. EVANS: I am. Minister, can we start with the Motor Accident Commission, Volume 4, page 213? What is the solvency rate of the Motor Accident Commission?

The Hon. M.F. O'BRIEN: At the moment, 108.

The Hon. I.F. EVANS: As of what date?

The Hon. M.F. O'BRIEN: As of end of May.

The Hon. I.F. EVANS: What was the solvency rate 30 June last year?

The Hon. M.F. O'BRIEN: It was 100.8 per cent as at 30 June 2012.

The Hon. I.F. EVANS: Do you have previous years there, by chance?

The Hon. M.F. O'BRIEN: No, I don't think we have, member for Davenport.

The Hon. I.F. EVANS: Other than May this year, when was the last time it was at 108?

The Hon. M.F. O'BRIEN: I am informed it has never been at 108.

The Hon. I.F. EVANS: And 108 is the required level, is it not; the target solvency level is 108?

The Hon. M.F. O'BRIEN: The gazetted formula: MAC is required to meet 100 per cent or above sufficiency level of solvency, and as at 31 May this year, as I said, our level of solvency was 108.1 per cent.

The Hon. I.F. EVANS: The previous answer was that it had never reached 108 before; is that right?

The Hon. M.F. O'BRIEN: That's right.

The Hon. I.F. EVANS: So, on the basis that it has never reached 108, on what basis did the Motor Accident Commission give the Treasury \$100 million? Isn't there a fair chance that, given it has never reached 108 per cent other than this year, just before the election, by absolute fluke, if the solvency drops below the 108 level, that \$100 million could have been used as a buffer?

The Hon. M.F. O'BRIEN: This was a decision taken entirely by the board, but I have been informed that the \$100 million takes the solvency level from 108.1 per cent to around 105. I am informed the view taken by the board was that there was still a considerable buffer, a buffer above that which is gazetted.

The Hon. I.F. EVANS: Did the Motor Accident Commission say to the government, 'Spend it on roads,' or did they say, 'Spend it on road safety initiatives.'? And what protocol did the Motor

Accident Commission put in place to make sure they are spending it on the most dangerous roads and not just roads that are politically significant for the March election next year?

The Hon. M.F. O'BRIEN: In the negotiations between MAC and the Treasurer, it was the view of MAC—talking about the board—that the \$100 million be set aside as a hypothecated fund to be used entirely for road safety initiatives. As to the actual determination of what those projects ought to be, that was led by DPTI and I think the minister answered that question, it may have been yesterday.

The Hon. I.F. EVANS: So why did MAC not simply reduce the cost of the insurance scheme to motorists? If they had spent the hundred million dollars on reducing the cost of the scheme to motorists, what would have been the cost reduction? Did they model it?

The Hon. M.F. O'BRIEN: In part, the fund will actually reduce the drawdown, if you like, by way of claims made by injured motorists. The more that MAC puts into road safety initiatives, the less the amount that actually has to be paid out to injured motorists and I think that is a desired outcome in its own right. We really want to reduce the number of people who are injured, and there is also the direct consequence of reduction in the number of—

The Hon. I.F. EVANS: So what was the modelling on reduction in costs?

The Hon. M.F. O'BRIEN: According to the Australian Bureau of Infrastructure, Transport and Regional Economics, the determined cost-benefit ratio for targeted road safety improvements is 1:4, while return on investment for treating blackspots is even greater at 1:14, so for every dollar spent on targeted road safety improvements, the bureau calculates that there is a resultant \$4 socioeconomic benefit by way of reduced trauma, reduced cost of emergency services and reduced hospital costs, and I think it flows automatically.

The Hon. I.F. EVANS: That is interesting, minister, but what I am asking is: the MAC had \$100 million spare and they had a brainwave to go to the government and say, 'Look, here's a hundred million for roadworks.' Did the MAC model the use of that \$100 million to reduce the cost of the insurance scheme to motorists? If not, why not?

The Hon. M.F. O'BRIEN: Returning to my previous answer that there are benefits for MAC by virtue of this investment in road safety initiatives, the reason that it was not returned by way of premium reduction was that it was one-off. The market outperformed forecast. On the basis that this may never be repeated—I think we have seen a reasonably significant drop in the Australian stock market over the last couple of days—it may be some time before we see a repeat. So on the basis of the one-off, it would not be prudent to try to factor that into an ongoing premium reduction.

The Hon. I.F. EVANS: But it is prudent to spend it? So the stock market is dropping, you have got \$100 million spare, and it is not prudent to hang on to it because the solvency will drop. This agency has only reached its solvency once according to the answer you have given us today. What they have recommended is to cut payouts to injured motorists to reduce the cost of the scheme. They have then had \$100 million as a one-off, by your own admission, and rather than give the cost saving back to the motorist, they have given it the government to pork-barrel, come the election. Did the Motor Accident Commission go through the projects one by one and pick the highest safety outcome project? Who picked the projects, minister?

The Hon. M.F. O'BRIEN: Just by way of correction, during the global financial crisis, in only one month did the solvency level drop below the mandated 100 per cent; so you are actually wrong there. I made the point that at this particular point in time solvency sits at 105 per cent, which is 5 per cent above that which should be the result of the gazetted formula. The other issue as to which road safety projects were determined and the manner in which they were determined was mentioned by the Minister for Infrastructure, I believe, yesterday.

The Hon. I.F. EVANS: Did the Motor Accident Commission pick the highest safety outcome for the purchase for its \$100 million, or were the projects left to the discretion of the government?

The Hon. M.F. O'BRIEN: That matter was dealt with yesterday.

The Hon. I.F. EVANS: You are not prepared to advise this committee?

The Hon. M.F. O'BRIEN: I am not prepared to canvass ground that I think was worked over yesterday.

The Hon. I.F. EVANS: Okay; is it the case that when the solvency level drops the pressure on the premium for vehicle insurance rises?

The Hon. M.F. O'BRIEN: If 100 per cent was under threat, yes, it follows.

The Hon. I.F. EVANS: I missed that, minister.

The Hon. M.F. O'BRIEN: If the 100 percent has fallen below it follows there would be a revision of the premium. In answer to your previous question about a return, I think that is an unworkable proposition.

The Hon. I.F. EVANS: Why is it not possible to take the \$100 million and put in \$25,000 a year and reduce the insurance cost by whatever the pro rata amount is per vehicle over four years?

The Hon. M.F. O'BRIEN: I understand. I have been advised that there is a view within the MAC Board that the most beneficial application of that money was to drive down the number of fatalities and casualties by funding road safety initiatives and that, ultimately, besides getting a better social outcome and contributing to a significant drop in the angst suffered by families who have members of their family in serious accidents, the measures would also reduce the call on MAC funds to cover hospital expenses and the like. As I said, the cost-benefit analysis was 1:4 and 1:14 in blackspots. That was a decision made by the MAC Board, and it was communicated to government.

The Hon. I.F. EVANS: The minister might have to get this information from the MAC in due course and pass it through on notice, but can the minister get advice on what would be the average saving to motorists if a \$25 million contribution was made into a reduction to the insurance costs? Can you provide that advice to us, please?

The Hon. M.F. O'BRIEN: We will provide that and, in that formula, we will also try to determine the resultant benefit to the South Australian community over some time by way of return on that investment in improvement in road safety.

The Hon. I.F. EVANS: Do you agree with minister Snelling's comments last year when he told this committee this—

The Hon. M.F. O'BRIEN: I do. I know what you are going to say, and yes.

The Hon. I.F. EVANS: Sorry? You know what I am going to say and?

The Hon. M.F. O'BRIEN: I think that you asked the same question of the Premier in question time. Is it the same quote?

The Hon. I.F. EVANS: No.

The Hon. M.F. O'BRIEN: Okay.

The Hon. I.F. EVANS: But now that you have raised that quote, just for those who are listening on radio, I will let them know what it is. It was that—

The Hon. S.W. Key interjecting:

The Hon. I.F. EVANS: They're not here for this question, Steph, don't worry. The reality is that minister Snelling last year said:

It would be the equivalent of me going to the Motor Accident Commission and raiding its reserves in order to prop up the budget. I do not think that is particularly sustainable or a wise thing to do.

Do you agree with that?

The Hon. M.F. O'BRIEN: Give me the budget paper, the volume and the line.

The Hon. I.F. EVANS: It is exactly the same budget line: Volume 4, page 203, Motor Accident Commission. We have been on it for 20 minutes. It is the same line.

The Hon. M.F. O'BRIEN: I don't see that quote in the budget paper.

The Hon. I.F. EVANS: Why should the public believe this government when last year they said it is unsustainable to raid the MAC reserves and this year they are doing it?

The Hon. M.F. O'BRIEN: Do you want me to explain the concept of consolidated fund and hypothecated fund because that is it. One is—

The Hon. I.F. EVANS: Go for it. Yes, explain it.

The Hon. M.F. O'BRIEN: Well, it is not going into consolidated revenue; it is a hypothecated fund. So, nothing is being raided.

The Hon. M.F. O'BRIEN: The funds are not being taken out of the Motor Accident Commission; is that what you are saying?

The Hon. M.F. O'BRIEN: They are being allocated to a hypothecated fund.

The Hon. I.F. EVANS: And they are being given to Treasury to spend as the government wishes—yes?

The Hon. M.F. O'BRIEN: No. There will be a committee established to evaluate—

The Hon. I.F. EVANS: For the last \$40 million; the first \$50-odd million has been spent—yes?

The Hon. M.F. O'BRIEN: Yes.

The Hon. I.F. EVANS: And that saves the Department of Transport having to spend money on those road projects, doesn't it?

The Hon. I.F. EVANS: No, I think it would be fairer to describe it as allowing the Department of Infrastructure to undertake projects it would not be able to undertake—

The Hon. I.F. EVANS: Okay, so why has the government changed its policy position? This is Budget Paper 4, Volume 4, page 213. Last year, treasurer Snelling told this committee:

We would be wanting to limit the increase to the compulsory third-party registration, at least limit them to CPI before we look at extracting a dividend.

So, last year, the government was going to limit increases in the scheme to CPI and not take a dividend. This year, they are flogging \$100 million out of the MAC and spending it on road projects and not dealing with the cost of the scheme.

The Hon. M.F. O'BRIEN: I am glad you actually quoted the previous treasurer, because he actually did talk about taking dividends. So, it is not something that has emerged out of the blue.

The Hon. I.F. EVANS: He said he wouldn't do it.

The Hon. M.F. O'BRIEN: In the conditions that existed at that particular point in time. To return to a question two or three back, an extraordinary performance by particularly international and Australian equities has meant that, rather than operating at around the mandated 100 per cent—what was it, 108.1?—with the \$100 million going to the hypothecated fund, it settles at 105 per cent. This is due to I wouldn't say an extraordinary performance by Australian and international equities but a pretty solid performance over the past 12 months, which has allowed—

The Hon. I.F. EVANS: What is the latest recommendation or advice from the Compulsory Third-Party Premium Committee, which advises the MAC in regard to earnings on assets over the next 12 months?

The Hon. M.F. O'BRIEN: Just going back to the previous question (and I actually did answer it), at the time that minister Snelling made those comments the sufficiency level sat at 108 per cent—

The Hon. I.F. EVANS: That's right.

The Hon. M.F. O'BRIEN: —and you asked that earlier.

The Hon. I.F. EVANS: That's right.

The Hon. M.F. O'BRIEN: So, we have explained that we have moved from 100.8 to 108.1.

The Hon. I.F. EVANS: For the first time in MAC's history, it has 108.

The Hon. M.F. O'BRIEN: Yes.

The Hon. I.F. EVANS: That's right, and the evidence—

The Hon. M.F. O'BRIEN: So, you asked why we had—

The Hon. I.F. EVANS: —that Mr Maguire has provided—

The CHAIR: The minister has the call.

The Hon. M.F. O'BRIEN: Member for Davenport, could you just repeat that last question?

The Hon. I.F. EVANS: Okay. My understanding is that there is a compulsory third-party premium committee. There is a committee that gives advice to the MAC Board about the likely return on assets over the next 12 months. What is the advice to the MAC Board about the likely return on assets over the next 12 months from that committee?

The Hon. M.F. O'BRIEN: In answer to your question, the scheme reform rendered the recommendations of that particular committee redundant, but the figure that they cited was that class 1 premiums should increase by 1.6 per cent if things remained stable.

The Hon. I.F. EVANS: So, that is 1.6 per cent before inflation?

The Hon. M.F. O'BRIEN: No, after inflation; that is my understanding. So, the increase probably—I don't know what the CPI is running at currently, but—

The Hon. I.F. EVANS: So, that was the premium committee. Were they consulted in regards to what they think should happen to the \$100 million?

The Hon. M.F. O'BRIEN: They have a specific role under section 129(1) of the Motor Vehicles Act 1959 to inquire into and to determine fair and reasonable compulsory third party premiums. They do not advise the board on matters relating to those being canvassed today. As I said, they made a recommendation which was probably in line with moves in the CPI and those recommendations were superseded by scheme reform, which is returning what is there.

The Hon. I.F. EVANS: So what is the max estimated return on assets over the next 12 months?

The Hon. M.F. O'BRIEN: It is 6.95 per cent.

The Hon. I.F. EVANS: And what was it in the last 12 months?

The Hon. M.F. O'BRIEN: The figure was around 11 per cent and the target was around 7 per cent, so you can see that it was a solid performance.

The Hon. I.F. EVANS: So we got a return of 11 per cent and that gave us a solvency of 108 per cent, for the first time in MAC's history. So if we get a return, as predicted, of 6.9 per cent—

The Hon. M.F. O'BRIEN: 6.95 per cent, which is in line with the 7 per cent that was forecast.

The Hon. I.F. EVANS: What will be the predicted level of solvency this time next year then, based on that return?

The Hon. M.F. O'BRIEN: With the target of 6.95 per cent return, the solvency target remains at 108 per cent.

The Hon. I.F. EVANS: That is the target. What is the expected result? We already know that by paying out the \$100 million, it drops from 108 per cent to 105 per cent. That is after an 11 per cent year. If we are now going to have a 7 per cent year, and we start off with 105 per cent solvency, what is the expected solvency in 12 months' time?

The Hon. M.F. O'BRIEN: It remains at 108 per cent with the \$100 million.

The Hon. I.F. EVANS: This is just an incredible story. So, let me get this right: we start out with 100 per cent solvency this time last year, then we have a year where we get 11 per cent return on asset, and for the first time in the MAC's history we get 108 per cent solvency, which is its target solvency. Then we give away \$100 million. We know the solvency is going to drop to 105 per cent, and we then predict that the return is only going to be 7 per cent, so returns are going to drop something like 40 per cent over the next 12 months, and, based on that, the solvency is going to increase from 105 per cent to 108 per cent. Is that what you are asking us to believe, minister?

The Hon. M.F. O'BRIEN: We went from 100.8 per cent to 108.1 per cent in one year, you are aware of that, so that's—

The Hon. I.F. EVANS: Based on 11 per cent return, yes.

The Hon. M.F. O'BRIEN: That is a 7.3 per cent improvement. To go from 105 per cent to 108 per cent, I make that 3 per cent, so we only have half the gap; in fact, it is less than half. Yes, it is achievable.

The Hon. I.F. EVANS: On the same budget line, page 213, why didn't the Motor Accident Commission hand the money over to the government on an as-needs basis, so when the project was actually happening? In other words, some of these projects are spread over five or six years,

so why not pay the money over at the time of expenditure and leave the money in the fund to earn interest, to drive down insurance costs for the motorist?

Isn't it the case that the reason they have handed over the \$100 million is that it impacts on the net operating balance by \$100 million and brings that year's deficit under the \$1 billion. If it was not for this \$100 million, the net operating balance for the year in which it was received would be over \$1 billion and that means that the government would have had two billion-dollar deficits running back to back. Why wouldn't the Motor Accident Commission have kept the money in the fund and handed it over on a project-by-project basis when it was due to be spent?

The Hon. M.F. O'BRIEN: I was not privy to the board discussions. I do not know why they did or did not explore that particular option. All I know is that the board made a decision that they wanted to allocate \$100 million to a hypothecated fund to be used entirely for the purposes of road safety. I think the board and the senior management at MAC have to be congratulated for the financial result that they achieved in the last financial year that allowed them to make a contribution of \$100 million for road safety purposes.

The Hon. I.F. EVANS: In the years when the MAC did not receive a positive investment return and there were negative investment returns, which is in the last four or five years, and the cost of car insurance went up significantly as a result, and that is still built in to the car insurance costs as we speak, why is it that the Motor Accident Commission did not think, now that it has returned to a higher-return market, that they had some obligation to use those funds to reduce the cost of the scheme? Why is it that their only response was that the way to reduce the cost of the scheme was: 'we will cut payouts to injured motorists'? If they had a spare \$100 million there, why didn't they use that to reduce the costs?

The Hon. M.F. O'BRIEN: We have canvassed this at some length.

The Hon. I.F. EVANS: We have another hour to go yet.

The Hon. M.F. O'BRIEN: Yes, I know, and I can see why you are starting to run out of questions, so you are returning to the—

The Hon. I.F. EVANS: That's courageous!

The Hon. M.F. O'BRIEN: We have explored that. I think I have indicated that there was a cost-benefit analysis done, which indicated a 1:4 return for general road safety improvements or 1:14 for blackspots. That was done by the Australian Bureau of Infrastructure, Transport and Regional Economics. I can only imagine, not sitting in on MAC Board meetings, that this research was available to them and guided their decision making.

The Hon. I.F. EVANS: Has the MAC been approached by any other government agency for access to funds for any purpose? For instance, the Festival Centre Trust?

The Hon. M.F. O'BRIEN: When you say 'has MAC been approached by any other agency' there is an inference that government approached MAC. I do not think government did; MAC made the decision and approached government.

The Hon. I.F. EVANS: I will come back to my question: has any other government agency approached the Motor Accident Commission for access to funds? For instance, the Festival Centre Trust? Have there been discussions between the Festival Centre Trust and the MAC about accessing the funds and, if so, what are the nature of the discussions?

The Hon. M.F. O'BRIEN: In short, no, but the chief executive has indicated to me that in making investments, for example, in the property sector, they do look for local investment opportunities.

The Hon. I.F. EVANS: Is it fair for me to assume from that, minister, that the Motor Accident Commission is in discussions with the Festival Centre Trust about investing in some building?

The Hon. M.F. O'BRIEN: No, there are no discussions with the Festival Centre Trust, but the chief executive has indicated to me they are always on the lookout, if you like, for good property investment propositions in this state that give them a stable, high-yield investment outcome.

The Hon. I.F. EVANS: So there has been no discussion with the Motor Accident Commission about any money being transferred in any form to the Festival Theatre or the Festival Centre Trust or, indeed, any project to do with the Riverbank upgrade? That is the formal advice, is it?

The Hon. M.F. O'BRIEN: That is the formal advice that I am currently receiving, and I can assure you that, in my capacity as a minister, nothing has come over my desk.

The Hon. I.F. EVANS: No, I am asking you about the chief executive's desk.

The Hon. M.F. O'BRIEN: Yes, the formal advice that I am receiving from the chief executive is that we have not received a formal approach and I can kind of assume also that MAC has not been proactive in approaching the Festival Centre Trust.

The Hon. I.F. EVANS: Are there any members of the MAC Board or people on the MAC committee that are also members of the Festival Centre Trust?

The Hon. M.F. O'BRIEN: Jim Hazel, who chairs the MAC Investment Committee, sits on the Festival Centre Trust.

The Hon. I.F. EVANS: I did not know that.

The Hon. M.F. O'BRIEN: That comes as a surprise!

The Hon. I.F. EVANS: Has Mr Hazel ever raised with the chief executive, or any MAC Board member, accessing funds on behalf of the Festival Centre Trust in any form?

The Hon. M.F. O'BRIEN: The briefing that I have just received from the chief executive officer is that there are lots of propositions put forward in an informal manner, but nothing in a formal sense has come to the MAC Board or the Investment Committee and been formally dealt with and minuted as such. So, it may be a proposition that—

An honourable member: It may have.

The Hon. M.F. O'BRIEN: It may have, yes.

The Hon. I.F. EVANS: So we have gone from no discussions to 'may have'.

The Hon. M.F. O'BRIEN: Well, no, what I am saying, member for Davenport, is that the proposition has never formally been considered by the MAC Board or the MAC investment board, so there has been no formal discussion on that kind of proposition. Now, if there had been informal discussions by virtue of Jim Hazel's involvement with both boards—well, there may be, but nothing has come to MAC by way of a formal proposition. My understanding is that there could not be because the Festival Theatre trust is not running a process at this point in time—well, I will not stray into that area because it is not my portfolio.

The Hon. I.F. EVANS: Is it fair for the public to believe that what the Motor Accident Commission is looking at doing is investing in some government project down at the Riverbank Precinct near the Festival Theatre, and do you think there will be an announcement between now and March 2014? What the government is clearly trying to do is access funds out of the MAC to get something up on the Riverbank project ready for March 2014.

The Hon. M.F. O'BRIEN: The Chief Executive Officer has informed me that MAC are indifferent as to where they make their investments but what they seek is, firstly, stability and, secondly, return. If a project was to become before the MAC Board that stacked up in terms of being a stable and high yielding investment proposition they would consider it but—

The Hon. I.F. EVANS: And if it doesn't meet the yield after the election, then just bad luck?

The CHAIR: The minister has the call.

The Hon. M.F. O'BRIEN: No, I will just clarify that that proposition has not come before the board. In fact, I am unaware that there is a proposition to actually bring to the board.

The Hon. I.F. EVANS: But we have at least established discussions are occurring. Minister, can we have Service SA please?

The Hon. M.F. O'BRIEN: I have to say that prior to every meeting of the Investment Committee of MAC there is a process whereby people have to declare a conflict of interest and, if Jim Hazel was floating this proposition being a member of that board, then there would have to be some mention in the minutes of him declaring that conflict of interest. I do not believe that that declaration has been made, so I think we can safely assume on the basis of there being no declared conflict of interest there has been no consideration of any issue that might have been raised in relation to the Festival Centre.

The Hon. I.F. EVANS: Can I have Service SA please, minister?

The Hon. M.F. O'BRIEN: Yes.

Departmental Advisers:

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

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

Mr C. Oerman, Executive Director, Government Services Group, Department of the Premier and Cabinet.

Mr J. Damin, Director, Financial Strategy, Department of the Premier and Cabinet.

Mr C. McSparran, Director, Service SA.

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

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

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

The Hon. I.F. EVANS: I refer to Budget Paper 4, Volume 4, Sub-program 14.2, page 96. Is it true that one of the directors of Service SA is being investigated for fraud and, if so, what is the nature of the investigation?

The Hon. M.F. O'BRIEN: I will pass that over to Chris Oerman. I am not really sure that it is relevant, but we will cut you a bit of slack on that one.

The CHAIR: If it is not relevant it should be ruled out of order. Are you referring—

The Hon. I.F. EVANS: Are you seriously going to rule out of order a question about fraud?

The CHAIR: I am not ruling anything out of order. What I am asking you to do is to refer to the budget papers that you are referring to.

The Hon. I.F. EVANS: Yes, I did.

The CHAIR: Can you repeat that?

The Hon. I.F. EVANS: Yes. It is Budget Paper 4, Volume 4, page 96, Service SA. It has a receipts line and an expenditure line and I am asking about fraud.

The Hon. M.F. O'BRIEN: I will pass that over to Chris Oerman.

Mr OERMAN: Allegations have been raised against an employee of the department. That matter was referred to the government investigator. The government investigator will report to the Crown Solicitor on that matter and then back to me as the delegate who is undertaking the formal investigation in line with the Public Sector Act 2009.

The Hon. I.F. EVANS: What is the nature of the allegation? Is it misuse of credit card or some other type of fraud?

Mr OERMAN: A number of allegations are being investigated by the government investigator. At the moment and until that investigation has been completed and those allegations have been tested, it would be inappropriate to go any further.

The Hon. I.F. EVANS: Has the officer concerned been stood down?

Mr OERMAN: The officer was not stood down. At the time of the allegations the purchasing delegation for that person was removed so that they were unable to make purchases.

The Hon. I.F. EVANS: So is the fraud relating to making illegal purchases through government credit card? Is that the nature of the allegation?

The Hon. M.F. O'BRIEN: Chairman, I saw some merit in allowing the question in so far as it did relate to fraudulent expenditure, but I think Chris Oerman has indicated that the individual who is under investigation no longer has access, if you like, to whatever. His opportunity to defraud, those avenues have been closed off. We are actually now considering the next financial year and revenue and expenditure considerations. This individual is unable now to have any impact

on investment or expenditure, and I think it came down to alleged fraudulent expenditure. And apparently he has left the organisation, left the public sector.

The Hon. I.F. EVANS: Can we have the Procurement Board?

The Hon. M.F. O'BRIEN: Any more for Shared Services?

The Hon. I.F. EVANS: Service SA? No.

The Hon. M.F. O'BRIEN: You have totally covered government services, Service SA, Shared Services?

The Hon. I.F. EVANS: Shared Services might need to stick around. I want to deal with the Procurement Board.

The Hon. M.F. O'BRIEN: That is fine.

Departmental Advisers:

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

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

Mr C. Oerman, Executive Director, Government Services Group, Department of the Premier and Cabinet.

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

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

Mr J. Damin, Director, Financial Strategy, Department of the Premier and Cabinet.

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

The Hon. M.F. O'BRIEN: To my left is Andrew Blaskett, who is Executive Director, Government Accounting, Reporting and Procurement, Department of Treasury and Finance and who sits as an observer on the Procurement Board, and on my right is Brett Rowse, the Under Treasurer.

The Hon. I.F. EVANS: This deals with the Procurement Board on page 203 of Budget Paper 4, Volume 4. Minister, the government has announced this new policy with the whole of government contract which goes over the next 12 months, and they have recently announced changes to the capacity of metropolitan schools to deal with people outside the mandated suppliers, Staples and OfficeMax. Can you just explain to me the process for a metropolitan school that wishes to purchase product outside of Staples and OfficeMax?

The Hon. M.F. O'BRIEN: Shared Services is, in part, administering the arrangement, but essentially schools have been issued with a directive, in large part prepared with the assistance of Shared Services which has an Excel template. It has three columns: two columns list the prices on stationery items most commonly used by schools, and the third column is blank, and that is to be filled out by the schools on the basis of the price list supplied by the company with which they seek to do business.

They enter those figures, which are tallied up by the spreadsheet. They can then compare the three columns, and one would assume that they would, in large part, follow the value for money proposition, but they have provision on the bottom to give other reasons as to why they wish to step outside the very specific value for money proposition.

In part, that has been done to satisfy the requirements of the Auditor-General, because any variation we have made to a tender process that has been signed off by an independent probity adviser that has been modified in any way shape or form, I think there was a view that the Auditor-General would be wanting to consider these departures, if you like, from dealing with the two successful tenderers.

We have a process in place that we believe ensures continued value for money for government, and we do know that in, I think, the first couple of months we actually had a 26 per cent saving to government on stationery as a result of this new arrangement, so the savings were considerable.

The Hon. I.F. EVANS: Just in relation to this new process that schools have to go through, is there a minimum dollar value at which the process kicks in, or is it for any dollar value of purchase?

The Hon. M.F. O'BRIEN: There is no minimum dollar value. Our view is that, for one-offs for low value items, the sensible and rational thing to do would be to deal with the two successful tenderers; but for a larger basket of goods, if they have a predisposition to want to deal with a third party, if you like, a party that was not successful tenderer, they would go through this process.

The Hon. I.F. EVANS: So, there is no minimum value. Is the minister aware that the average purchase out of metropolitan schools is for seven items valued at \$35? Why is the government making metropolitan schools get three quotes for an average \$35 purchase?

The Hon. M.F. O'BRIEN: Because they are not really getting three quotes. The spreadsheet provides them with the price lists for the two successful tenderers. It is not as if somebody has to get on a phone and ring around or get a written quote. It is quite straightforward. If they want to deal with a third party—and I use the term 'third party' to describe any other business that was not a successful tenderer—they would probably find that their price lists are online as well; if they are not online, they ought to be if these businesses want to secure school business in the metropolitan area.

The Hon. I.F. EVANS: School service officers doing the purchasing have to access three purchase prices and make the decision based on that. The education department's procurement framework, signed off in the department on 11 February this year, says that the department is required to get, and I quote:

A minimum of one verbal or written quote should be obtained (recorded at local level). Ensure that potential suppliers receive sufficiently clear information to base their quote on.

The level of that particular purchase is around \$22,000. Why is it that the school service officers buying pens and pads need to access three quotes, average purchase \$35, and yet the rest of the department do not have to get a quote up to around \$20,000 to \$22,000? Wasn't the 'cartridgegate' in the rest of the department and not schools? It seems to me that we have penalised the schools, and the higher purchase value without a quote being required is still at the departmental level.

The Hon. M.F. O'BRIEN: Firstly, on the issue of cartridges, the advice I have received is that it was widespread within DECD and that there were issues within schools. The last advice I received was that some little time back at least one individual was facing prosecution and that there are another six whose severity of offence, if I can describe it that way, might have been sufficient to also push them across to prosecution.

This was a targeted scam that was only applied in those state governments around Australia that did not have a centralised stationery procurement system. We were specifically selected as a state because we did not have in place what we now have in place, which is an across-government stationery contract. It was the only way of dealing with this specific issue.

In relation to getting three quotes, we have two successful tenderers, which are delivering savings to government of around 26 per cent on average on our stationery bills. It is very easy to select a price from either one of the two. There does not have to be any comparison between either; you can go with one without having to make reference to the other.

What we have done is accept the recommendation from the Small Business Commissioner, who is legislated to deal with these kinds of issues where there is a point of disagreement between small business and government. It may be a little more administratively burdensome, but we have accepted his recommendation. We are doing what we are doing to ensure value to government and to basically deal with any concerns that could have been raised by the Auditor-General if we had not implemented this particular system.

The Hon. I.F. EVANS: Minister, you have announced that this exemption is in place for a year. Why a year? Why not permanently exempt metropolitan schools?

The Hon. M.F. O'BRIEN: Largely, I think, to determine the take-up. If it proved to be negligible, there would be little point in continuing.

The Hon. I.F. EVANS: If you wanted to, there is no reason you could not have permanently exempted them? You could have made the exemption permanent if you wanted to, but you chose not to—is that right?

The Hon. M.F. O'BRIEN: We made the decision we did, in large part, to ensure that there was not another outbreak of this particular scam in relation to printer cartridges. That is why it has been put in place.

The Hon. I.F. EVANS: I will just come back to the point, though: there has been this problem occur, you have the Small Business Commissioner involved, you have come out and announced a one-year exemption. What I am trying to establish is: do your legal circumstances allow you to provide a permanent exemption or is that not the case?

The Hon. M.F. O'BRIEN: Member for Davenport, we wanted to run it for 12 months and get a feel for the practicality of the proposition.

The Hon. I.F. EVANS: I understand that; you wanted to run it for 12 months. If you wanted to permanently exempt them—

The Hon. M.F. O'BRIEN: Yes, we could have.

The Hon. I.F. EVANS: You could have?

The Hon. M.F. O'BRIEN: Yes.

The Hon. I.F. EVANS: Did you have to pay any compensation, or was there any payment made or were promises made to the two mandated parties as a result of the exemption?

The Hon. M.F. O'BRIEN: No, there weren't.

The Hon. I.F. EVANS: So, the contract always allowed for the exemption to occur?

The Hon. M.F. O'BRIEN: No. The tender document, in particular, explicitly stated exclusivity; the contract did not. Some people have seized upon the contract without reference to the tender document. Now we are in a situation where we are relying, if you like, on the goodwill of the two successful tenderers, otherwise it would have been a very straightforward decision-making process.

The Hon. I.F. EVANS: The people involved in 'cartridgegate', you mentioned one had been sent, I think, to the DPP or whatever. Have they been charged, or what has been the outcome?

The Hon. M.F. O'BRIEN: Member for Davenport, I do not know where things currently sit. As you can understand, these issues have a high degree of confidentiality attached to them. All I was given was just numbers. I have a bit of a briefing, as follows. As of today: two employees' employment being terminated; 10 cases referred to SAPOL; five employees remain suspended until disciplinary processes yet to be finalised; three employees resigned during investigation; two employees resigning with findings of misconduct made; 16 cases finalised with no disciplinary action taken; and two cases finalised with disciplinary action taken short of termination. A further 98 cases are ongoing/under investigation, and are expected to be completed over the next seven months. So, you can see that the number of public sector employees that were caught up in this form of fraudulent behaviour is in excess of 100.

The Hon. I.F. EVANS: Minister, which section was responsible for negotiating the whole-of-government stationery contract that impacted on metropolitan schools? Was it the Procurement Board? Who was it?

The Hon. M.F. O'BRIEN: Shared Services.

The Hon. I.F. EVANS: Okay. Minister, Shared Services keeps record of government travel expenditure. You have made some announcements to the house about the reduction in savings of government travel. What is the total government spend on travel?

The Hon. M.F. O'BRIEN: We will have to take that on notice, but since we implemented the tightening, if you like, or more prudent application of travel booking methods, we have had, I think, about an 11 per cent improvement in costs. But, we will get back to you, member for Davenport, with that.

The Hon. I.F. EVANS: If you can give me the outspend on government travel this year—

The Hon. M.F. O'BRIEN: Yes, sure.

The Hon. I.F. EVANS: —and if there is a forward estimates budget, then the amount per year across the forward estimates.

The Hon. M.F. O'BRIEN: Yes, we will do that; that's fine.

The Hon. I.F. EVANS: The Procurement Board and Shared Services are both in your agency; do they keep track of government spend on advertising and/or media services? Does the Procurement Board purchase advertising or media services?

The Hon. M.F. O'BRIEN: No; the Procurement Board is more involved in the setting and then the application of policy parameters. Shared Services provide an administrative function in specific areas, such as transaction services, but no, we don't.

The Hon. I.F. EVANS: Same line on the Procurement Board, Mr Chairman: the Procurement Board annual report does little pie charts, and one of them shows the value of contracts of work that goes interstate. Previously, the Minister for Industry has given a statement to the house saying that, under this government, the number of contracts going interstate has increased from 40 per cent to 60 per cent. I am just wondering whether the Procurement Board can advise what is the value of contracts going to interstate companies? If they know the number of the contracts, because they have a pie chart, they must know the value.

The Hon. M.F. O'BRIEN: I will provide an answer. I have had those figures at my disposal in the last couple of months, and I actually thought that the amount of business in dollar terms flowing to South Australian businesses was extremely high, to be perfectly honest. But, I will find that out.

The Hon. I.F. EVANS: I am just referring to the previous minister's statement, and there is a pie chart in the—

The Hon. M.F. O'BRIEN: Yes, I think we have got the pie chart.

The Hon. I.F. EVANS: —annual report, which shows that the amount of work going to other states is 58 per cent.

The Hon. M.F. O'BRIEN: The pie chart that I have shows other Australian states and New Zealand as 20 per cent and overseas as—

The Hon. I.F. EVANS: No, that is the number of contracts, not the value.

The Hon. M.F. O'BRIEN: Yes, but the volume is 75 per cent to South Australian businesses. I thought you gave a figure that 60 per cent was flying outside the state. We will give you the dollar value on that, but 75 per cent of contracts are allocated to South Australian businesses.

The Hon. I.F. EVANS: Pie charts are difficult because they are round and divided into sections. There is this really big section under figure 6 that says 'contract value by supplier location' and it says 'other states 58 per cent', so I am interpreting that as 58 per cent of contract value comes from interstate companies. But, if you can provide that on notice, that would be helpful.

Minister, the Procurement Board report deals with electricity contracts. For large market electricity and small market electricity, I am just wondering what the role of the Procurement Board is in that.

The Hon. M.F. O'BRIEN: Small market electricity contracts are sites consuming less than 160 megawatt hours per annum and unmetered lighting assets, and the total value of that was \$15.2 million. The large market electricity contract, which is valued at \$74.9 million, is sites consuming greater than 160 megawatt hours per annum.

The Hon. I.F. EVANS: Does the Procurement Board keep a record of the cost to government of what I would call 'green schemes' or renewable energy schemes within those contracts? So when they purchase electricity, is there a breakdown of how much it costs government for renewable energy schemes or green energy schemes?

The Hon. M.F. O'BRIEN: We will get you some advice. It is not something that the Procurement Board considers, but I think Shared Services. We will take that on notice. We do not have the data here, but we will take that one on notice.

The Hon. I.F. EVANS: Alright. If you could maybe provide the cost of the carbon tax across government. Does the Procurement Board keep that or—

The Hon. M.F. O'BRIEN: Yes, we will do that.

The Hon. I.F. EVANS: —Shared Services? Does someone keep that?

The Hon. M.F. O'BRIEN: Yes, they do, and I have just got a briefing. Part of the briefing is that the strategy that we employ focuses on key factors that have the potential to impact on acquisitions, including the carbon price. So, it would be something—

The Hon. I.F. EVANS: Sorry, I could not hear you, Michael.

The Hon. M.F. O'BRIEN: It is a factor that is taken into consideration, so we will supply that.

The Hon. I.F. EVANS: So what is the cost of the carbon tax to government?

The Hon. M.F. O'BRIEN: Again, we will have to take that on notice.

The Hon. I.F. EVANS: The Procurement Board annual report talks about 22 per cent of government contracts being done by direct negotiation. It also talks about a review of that particular practice. I am just wondering what has triggered the review of that practice. What is the issue they are trying to solve by the review?

The Hon. M.F. O'BRIEN: What has happened is that there has been a slight increase over time, which we cannot quantify, in the direct negotiation of contracts and we are seeking to understand why that has occurred and whether there should be policy adjustments made.

The Hon. I.F. EVANS: So it was not the fact that the Auditor-General is looking at the direct negotiations in regard to the Spotless contract? That did not trigger the review?

The Hon. M.F. O'BRIEN: No, apparently it was based on the pool of data. As you know, the Procurement Board is made up around fifty-fifty private sector and public sector, so we have a large private sector contribution to decision making.

The Hon. I.F. EVANS: Minister, can we have SA Lotteries?

Departmental Advisers:

Ms J. Roache, Chief Executive, SA Lotteries.

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

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

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

Mr C. Oerman, Executive Director, Government Services Group, Department of the Premier and Cabinet.

Mr J. Damin, Director, Financial Strategy, Department of the Premier and Cabinet.

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

Mr C. McSporran, Director, Service SA, Department of the Premier and Cabinet.

Mr A. Blaskett, Executive Director, Government Accounting, Treasury and Finance.

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

The CHAIR: Any opening statement, minister?

The Hon. M.F. O'BRIEN: No, there is not.

The CHAIR: We will go straight to the member for Davenport for questions.

The Hon. I.F. EVANS: The government has sold the licence for Lotteries. What was the employment level at Lotteries prior to the sale and what is the employment level expected to be at 30 June?

The Hon. M.F. O'BRIEN: At the time of the sale the commission had 85 staff members, of which 73 were ongoing non-executive staff. What was the second component to your question?

The Hon. I.F. EVANS: I wanted to know, as at 30 June last year, what were the staffing levels, and what is it at 1 July this year?

The Hon. M.F. O'BRIEN: It will be 71.

The Hon. I.F. EVANS: So there has been a reduction of how many?

The Hon. M.F. O'BRIEN: There has been a reduction of four to date.

The Hon. I.F. EVANS: What is the expected reduction when the process is totally finished?

The Hon. M.F. O'BRIEN: Approximately eight staff will staff Lotteries SA.

The Hon. I.F. EVANS: So it will come down from 70-something to eight?

The Hon. M.F. O'BRIEN: To eight, yes.

The Hon. I.F. EVANS: Will those people who are no longer going to work for Lotteries get transitioned into some other government position?

The Hon. M.F. O'BRIEN: They will.

The Hon. I.F. EVANS: How many of those went to the new operator?

The Hon. M.F. O'BRIEN: Apparently six were offered but declined, and one has taken a position with Tatts, which was externally advertised apparently.

The Hon. I.F. EVANS: Under the sale the government still gets the gambling tax from the new operator and the government no longer gets dividends. Is there a special dividend being paid across from Lotteries to government as a result of the change in operation? They could fund road infrastructure, for instance, or something like that.

The Hon. M.F. O'BRIEN: There was no special dividend, if you like, but as part of the transaction we can give you the specific figure. More than \$30 million of cash reserves was swept to Treasury, and I think an allocation of about \$7.5 million was allocated for the ongoing function of Lotteries SA as a regulatory agent.

The Hon. I.F. EVANS: So, Treasury benefited by \$35 million and they have left \$7 million in reserve for the Lotteries to manage, as I understand it?

The Hon. M.F. O'BRIEN: Effectively, yes.

The Hon. I.F. EVANS: If the Treasurer came to Lotteries and said, 'How much do you have in reserves as of 30 June?' it will be around \$7 million? Or do you have more in reserves than that?

The Hon. M.F. O'BRIEN: I do not think you would describe it as reserves. That is the amount that has been allocated for the ongoing functioning of Lotteries SA, which is now a regulatory agency.

The Hon. I.F. EVANS: So, Lotteries has no cash reserves, as such?

The Hon. M.F. O'BRIEN: They do not require them, so the cash reserves would have been swept out just because they were no longer required.

The Hon. I.F. EVANS: Does the government still get unclaimed prizes?

The Hon. M.F. O'BRIEN: Yes, 50 per cent of unclaimed prizes.

The Hon. I.F. EVANS: Does that go into the recreation and sport fund and the hospital fund?

The Hon. M.F. O'BRIEN: And the hospital fund, yes.

The Hon. I.F. EVANS: Before the licence was sold, there was a distribution to the hospital fund and the recreation and sport fund for income tax equivalents, and that was around \$9 million to \$10 million per year. What happens under the new arrangement?

The Hon. M.F. O'BRIEN: The new owner pays the income tax to the federal government.

The Hon. I.F. EVANS: We used to get \$9 million to \$10 million for the hospital fund and the recreation and sport fund as an income tax equivalent. Is it true to say those funds do not get that money now?

The Hon. M.F. O'BRIEN: Yes, that would be correct.

The Hon. I.F. EVANS: Is the state then better off as a result of the sale?

The Hon. M.F. O'BRIEN: The analysis that was done indicates that the sale brought about a better financial position for government than retention of the asset, and that was based on net present value of cash flows out for 40 years. So, it was NPV over 40 years.

The Hon. I.F. EVANS: Could you just give me a breakdown. Did the hospital fund and the recreation and sport fund used to receive distributions for the income tax equivalent, or was it only one of the funds?

The Hon. M.F. O'BRIEN: We will have to check that, member for Davenport.

The Hon. I.F. EVANS: What I am chasing is the distribution—

The Hon. M.F. O'BRIEN: Hold on, sorry.

The Hon. I.F. EVANS: I thought the CEO might have it; she is very capable.

The Hon. M.F. O'BRIEN: The hospital fund got the income tax equivalent, and recreation and sport did not. They got gambling tax dividend and unclaimed prizes. The hospital fund got gambling tax dividend and unclaimed prizes plus the income tax equivalent.

The Hon. I.F. EVANS: The last 12-month trading period prior to the sale: what was the distribution to the hospital fund and what was the distribution to the recreation and sport fund? For the last financial year prior to the sale would be easier for you.

The Hon. M.F. O'BRIEN: The last financial year to the hospital fund from all sources (the four) was—

Members interjecting:

The Hon. I.F. EVANS: Sorry? How much, Michael?

The Hon. M.F. O'BRIEN: Distribution provided was to the hospitals fund, \$102,425,000—

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

The Hon. M.F. O'BRIEN: —and—

The Hon. I.F. EVANS: Sorry, is that for income tax equivalents?

The Hon. M.F. O'BRIEN: No, the income tax equivalent—

The Hon. I.F. EVANS: I am trying to work out the amount the hospital fund is now not going to get through not receiving the income tax equivalents.

The Hon. M.F. O'BRIEN: Rounded out, \$9.5 million.

The Hon. I.F. EVANS: Okay. The sport and recreation fund: do the same sources of money still go to the recreation and sport fund or is that now not receiving some money after the sale of the licence? If so, how much less money is the recreation and sport fund getting?

The Hon. M.F. O'BRIEN: They would not be receiving the dividend flow which, for the recreation and sport fund, was \$104,000. For hospital fund, it was \$23,071,000.

The Hon. I.F. EVANS: Minister, there have been lots of figures thrown around and it is late in the committee. If you can check those figures on notice and provide them on notice, because what I am trying to establish is how much less the hospital fund will get as a result of the sale of the licence and how much less the recreation and sport fund will get as a result of the sale of the licence.

The Hon. M.F. O'BRIEN: There will be no net reduction.

The Hon. I.F. EVANS: How can there be no net reduction?

The Hon. M.F. O'BRIEN: In expenditure. The money will not be sourced out of income tax equivalents or dividends.

The Hon. I.F. EVANS: So where is the money coming from for those two funds?

The Hon. M.F. O'BRIEN: Well, it would come as a result of—

The Hon. I.F. EVANS: No, well, minister, I'm sorry but I think you need to check your answer because the income tax equivalents are now being paid as income tax to the federal government, so that means that there is at least \$9.5 million that is not going to the hospitals fund. I think the CEO agrees with me.

The Hon. M.F. O'BRIEN: It is pretty well in line with my previous answer, but the amount that those two funds can pay across has been diminished, yes. But the shortfall will be funded from general revenue, so the amount flowing into recreation and sport or health will not be diminished, it

is just that the amount being contributed by those two specific funds will be reduced. The shortfall, if you like, will be made up by a contribution through the budget process.

The Hon. I.F. EVANS: And they would go into the hospitals fund and the recreation and sport fund, calculated to equal the same value?

The Hon. M.F. O'BRIEN: No, they go direct to the service delivery agency.

The Hon. I.F. EVANS: Right, so instead of going on recreation and sports grants, they can go on administration? The recreation and sport fund has a specific purpose. They are just going to go to general appropriation to those two agencies?

The Hon. M.F. O'BRIEN: Yes, but the expectation is that the agencies will continue to deliver the services that they were delivering prior to the sale of Lotteries SA. What happens in those two specific portfolio areas is really the question that ought to be asked of the two responsible ministers, but in the broadest possible sense, no. There has been a sale, there has been a reduction of the money flowing to specific funds, but the Under Treasurer has advised me that that has been compensated for by payment directly to the two agencies.

The CHAIR: Any final questions?

The Hon. I.F. EVANS: Just the omnibus questions, minister, so your advisers can go. Thank you for their attendance.

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, I declare consideration of the proposed payments adjourned and referred to Committee B.

[Sitting suspended from 12:02 to 13:00]

Membership:

Ms Bedford substituted for Mr Sibbons.

Ms Chapman substituted for Hon. I.F. Evans.

Mr Pederick substituted for Mr Goldsworthy.

Departmental Advisers:

Mr T. Harrison, Chief Executive, South Australian Fire and Emergency Services Commission.

Mr G. Nettleton, Chief Officer, South Australian Country Fire Service

Mr G. Lupton, Chief Officer, South Australian Metropolitan Fire Service.

Mr C. Beattie, Chief Officer, South Australian State Emergency Service.

Mr D. Place, Deputy Chief Executive, South Australian Fire and Emergency Services Commission.

Mr N. Stephenson, Manager, Financial Services, South Australian Fire and Emergency Services Commission.

Mr J. Schirmer, Business Manager, South Australian Country Fire Service.

Ms L. Lew, Business Manager, South Australian Metropolitan Fire Service.

Mr P. Lambropoulos, Business Manager, South Australian State Emergency Service.

The CHAIR: We already have a budget line open from this morning where we are now heading, so I call upon the Minister for Emergency Services to introduce his staff and to make any opening remarks if he so wishes.

The Hon. M.F. O'BRIEN: I have no opening remarks. To my immediate right is Tony Harrison, Director of SAFECOM, and during the course of the next hour, I will call on Greg Nettleton, Chief Officer, Country Fire Service, Grant Lupton, Chief Officer, South Australian Metropolitan Fire Service, Chris Beattie, Chief Officer, SES and others as required.

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

Ms CHAPMAN: No, I do not wish to make an opening statement.

The CHAIR: Would you like to ask a question?

Ms CHAPMAN: Indeed I would.

The Hon. M.F. O'BRIEN: You can decline.

Ms CHAPMAN: I could, but that would be a miracle. Budget Paper 4, Volume 2, commencing on page 63 is the first of the emergency services that we have budgeted for. I am at page 70 and the targets for 2013-14, which include—at about point 8, if we are following this—the implementation of the new National Aerial Firefighting Centre contracts. My question is: how will the new aerial firefighting contracts you aim to have ready for the next fire danger season be different to the current ones?

The Hon. M.F. O'BRIEN: I will call on Greg Nettleton, the chief officer, to expand, but just by way of introduction, there is a process that we undertake at the national level with all of the equivalents to the Country Fire Service to work out a national contract for aircraft. I believe that that negotiation was conducted in the last couple of weeks and it has not concluded, but I will now pass over to Greg.

Mr NETTLETON: Good afternoon. In relation to the aircraft contracts, the contracts that we have been operating under for the last five years have expired across the nation. Those contracts were issued for three years with the option of two single-year extensions and that contract is now completed.

The National Aerial Firefighting Centre has put out to international tender aircraft for the next three years with the option of extensions. The outcome of that tender process is not yet completed. That is being handled by the National Aerial Firefighting Centre. The CFS has put in its bid for aircraft configurations. We will not know the outcome of that until the National Aerial Firefighting Centre has concluded its contract and tender negotiations.

Ms CHAPMAN: What did we have under the previous extended contract? I appreciate that was a three-year plus one plus one contract. If it is easier, can you identify what we had and then what you have sought in the CFS bid?

Mr NETTLETON: What we had under the previous contracts was one high-volume helicopter—an Erickson air crane, generically known as Elvis. We had two medium-volume

helicopters. We had two fixed-winged water bombers that were based out of Port Lincoln; we had three fixed-wing water bombers based out of our Woodside airbase and two fixed-wing water bombers based out of Mount Gambier.

Ms CHAPMAN: For the whole year?

Mr NETTLETON: No.

Ms CHAPMAN: Can you just explain the time frame?

Mr NETTLETON: Contracts for water-bombing aircraft—and this is fairly typical across the nation—are for 84 days, and that is the agreed service period in the contract.

Ms CHAPMAN: When did ours commence and when did it conclude?

Mr NETTLETON: The aircraft do not all start on one date and all end on one date. There is a staggered approach as the fire danger season commences and moves across the state. We do not have all the aircraft on station at the start of a fire season, and we do not have them all on station at every airbase at the conclusion; so it is a staggered approach as the fire danger season progresses.

Ms CHAPMAN: When did the dates complete for 2013, this year?

Mr NETTLETON: The dates for individual aircraft, I do not have the information when each individual aircraft completed their period of service, but we can provide that to you.

Ms CHAPMAN: Had any of them completed by 31 April?

Mr NETTLETON: All aircraft on contract to the CFS had concluded their contract period by 30 April.

The Hon. M.F. O'BRIEN: Just on that, member for Bragg, we also have the option to extend. There were a number of extensions, and I will ask the chief officer to explain how that process is carried out. The fact that it falls specifically within his operational control there is no reference to me as the responsible minister nor to Treasury in the sense of asking for additional funds. I will ask Greg to explain the process.

Mr NETTLETON: As I said, the aircraft contracts do not all start on the same date and they do not all end on the same date. Of the aircraft we have had, I will also add that we have two local South Australian government contracts. One is for a light fixed-wing aircraft based out of Port Lincoln as an observation aircraft, and the second is for a light observation aircraft, fixed-wing, based out of Mount Gambier. Is there any particular airbase that you are seeking information about? I have a number of dates here.

Ms CHAPMAN: You can provide them on notice in the sense of dates; but they were all concluded by April?

Mr NETTLETON: A number of aircraft contracts were due to conclude on 17 February, some on 10 March. So, 10 March was the base contract period, and in that case some of the aircraft started pre-season, before they were due to. During the course of the 2012-13 bushfire danger season, a number of aircraft were extended. In fact, we went out to five extensions beyond the original contract date.

Ms CHAPMAN: But all were concluded, even with those extensions, by the end of April?

Mr NETTLETON: Yes.

Ms CHAPMAN: I will put this to the minister, because formally I have to put the question to him. In relation to the contracts that you have currently described, had you received notice of, a briefing on, or request for, any extension of the aerial facility contractual services prior that date?

The Hon. M.F. O'BRIEN: Member for Bragg, I receive a briefing after the fact to inform me that an extension has been entered into and the dollar value and, obviously, the number of aircraft and the like; but I do not—

Ms CHAPMAN: You don't participate in that?

The Hon. M.F. O'BRIEN: No, I don't.

Ms CHAPMAN: I appreciate the operations and management of the CFS, and I understand that, but you would also receive from time to time advice from the department and/or the head of the CFS in this instance as to what would be needed for the provision of services. I am

asking you: had there been any submission put to you to provide for an extended period, that is, more than the normal 84 days, for the annual contracts?

The Hon. M.F. O'BRIEN: The answer that was given by Greg is that I think there were five extensions to contract, and those extensions were determined by the Country Fire Service senior management team and the chief officer. The chief officer made—

Ms CHAPMAN: I am sorry, minister; I think we are at cross-purposes. I have no issue about the operational aspect of the extension and that being attended by the operational people. There is an 84-day period of provision of service, with the capacity for the operational head to make decisions to extend it as he or she sees fit; I appreciate that. In having an 84-day contract each year, has any submission been put to you, minister, that that is an inadequate time overall every year, that there needs to be an extension of that?

The Hon. M.F. O'BRIEN: No, the chief officer has not, but I have had an informal discussion with him, and he indicated Western Australia, I think it was, has or wished to step out of the parameters of the national contract—

Ms CHAPMAN: The national framework.

The Hon. M.F. O'BRIEN: —because they wished to have aircraft on standby for an additional period outside the contract period. As the chief officer indicated, I think that we are still having those discussions.

Ms CHAPMAN: Yes. The CFS has put in its bid, and we have heard that. Does our bid into the national scheme (and I appreciate that is still to be finalised) include an extended period?

Mr NETTLETON: The period of time we have bid for is 84 days, which is consistent with most other jurisdictions. The provisions of the contract allow us to extend, and we have exercised that on a number of seasons. It does not lock us into 84 days. If we wish to extend it for another three or four weeks, which we did this season, it does not prevent us from doing that. What it allows us to do is that the rates we use in the 84-day period would be the same rates and the same conditions for the extensions.

Ms CHAPMAN: How much extra time has Western Australia sought?

Mr NETTLETON: My understanding is that Western Australia has a few more weeks on its contract, but bear in mind that the fire conditions in Western Australia are different, given that it is a long north-south state. They have currently in their fire danger season four areas north of the Capricorn. The fire danger season starts earlier in the central parts of the state, down the coast. The conditions of South Australia, from a fire point of view, are different from Western Australia.

Ms CHAPMAN: Anyway, the submission we have put in for the national contract terms is really the same, which was my original question. What is different about the proposal we are submitting to be part of from what we have previously had?

The Hon. M.F. O'BRIEN: I think that the chief officer has indicated that we are falling in with the national norm.

Ms CHAPMAN: I understand that, but—

The Hon. M.F. O'BRIEN: —and there is no change.

Ms CHAPMAN: So, what we are seeking is exactly the same terms and conditions as we had before?

The Hon. M.F. O'BRIEN: Yes.

Ms CHAPMAN: When do you expect the new contracts to be signed? Will it be in September?

The Hon. M.F. O'BRIEN: Within the month; that is the expectation.

Ms CHAPMAN: Confident that it will be in readiness for next year's fire season?

The Hon. M.F. O'BRIEN: Yes. It is, in large part, outside our control, but there is an expectation—

Ms CHAPMAN: Thank you. I would like to ask some questions about the Community Safety Directorate. As this now does not have a reference itself in the budget, I am going to be referring to the expenses of each of the divisions of emergency services, starting with CFS, at

page 74. What contribution did the CFS make to the Community Safety Directorate during 2012-13 and what is budgeted for 2013-14?

The Hon. M.F. O'BRIEN: It was, if I could describe it this way, an in-kind contribution of one person for three months to do some specific research, and that individual has returned to the Country Fire Service.

Ms CHAPMAN: What is the amount budgeted in the CFS expenses for that three months of one person?

The Hon. M.F. O'BRIEN: There was just a continuance of maintenance of salary arrangements; it was not a particular budget line. The individual continued to be employed by the Country Fire Service but was effectively seconded for three months for a specific—

Ms CHAPMAN: How much was paid on an annual basis to the person who was seconded for three months?

The Hon. M.F. O'BRIEN: We believe it was around \$25,000 to \$26,000 dollars; it was a MAS 3 position.

Ms CHAPMAN: That is the annual salary for that person, or is that a quarter?

The Hon. M.F. O'BRIEN: A quarter. The annual salary is around \$103,000 at that particular level.

Ms CHAPMAN: Is any in-kind time, advice, salary or financial contribution budgeted for the 2013-14 year?

The Hon. M.F. O'BRIEN: Not at this time, member for Bragg, but it is on as-needs basis as projects arise and particular bodies of expertise are called into play.

Ms CHAPMAN: Is there no provision in the CFS's budget to cover that contingency?

The Hon. M.F. O'BRIEN: No, there is not.

Ms CHAPMAN: I take it that is in the forward estimates as well, at this point?

The Hon. M.F. O'BRIEN: That is correct, yes.

Ms CHAPMAN: If I can move to page 96, in respect of the MFS, and I ask the same question: what contribution did the MFS make to the Community Safety Directorate during 2012-13 and, obviously, the 2013-14 year?

The Hon. M.F. O'BRIEN: The Metropolitan Fire Service had seconded away from the MFS an assistant chief fire officer in August. The budget impact, which I believe is contained in their budgeted figures, was around \$190,000; that was the salary plus the cost of backfilling. The potential ongoing role of that particular individual has yet to be negotiated with the fire chief.

Ms CHAPMAN: Can I just clarify whether this was this officer's annual salary?

The Hon. M.F. O'BRIEN: Plus other running costs, plus the cost of backfilling.

Ms CHAPMAN: So that is to have a replacement person in the agency while they are away?

The Hon. M.F. O'BRIEN: That's right, yes.

Ms CHAPMAN: What is the breakdown of that?

The Hon. M.F. O'BRIEN: We will take that on notice.

Ms CHAPMAN: That person was for three months, as well?

The Hon. M.F. O'BRIEN: My understanding was it was ongoing but subject to further negotiation.

Ms CHAPMAN: When you say 'ongoing', when did this person start?

The Hon. M.F. O'BRIEN: In August.

Ms CHAPMAN: Last year?

The Hon. M.F. O'BRIEN: Of last year, yes.

Ms CHAPMAN: So, so far it has been for eight months or so?

The Hon. M.F. O'BRIEN: Yes, that's right.

Ms CHAPMAN: And what is going to happen next week?

The Hon. M.F. O'BRIEN: Next week?

Ms CHAPMAN: Are they going to continue there?

The Hon. M.F. O'BRIEN: The commencement of the next financial year.

Ms CHAPMAN: That's only a few days away—two days.

The Hon. M.F. O'BRIEN: Yes, a continuation of the same arrangement, but there may be some change during the course of the year. As you are aware, the Hon. Paul Holloway is conducting a review of the act, and things will be in large part contingent upon his recommendations, and we accept the—

Ms CHAPMAN: I appreciate that Mr Holloway will be giving some recommendations, I expect, in due course, but I am really just trying to work out how this is being paid for in the meantime. This person, with a replacement to cover for his or her duties, will continue and there is a budget then for 2013-14 for this person. Is that budget similarly at \$190,000 a year?

The Hon. M.F. O'BRIEN: That is my understanding, that things are unchanged. There is no contribution from the SES.

Ms CHAPMAN: Have they actually had any involvement at all then in the directorate?

The Hon. M.F. O'BRIEN: The SES?

Ms CHAPMAN: Yes.

The Hon. M.F. O'BRIEN: They have made a contribution in terms of input into policy development. They have not contributed an individual on a full-time basis for that work, but they are definitely involved in policy work that is being undertaken by the directorate.

Ms CHAPMAN: So, a representative from the SES has attended some meetings on discussions about policy development, but apart from that has not actually undertaken work for the directorate?

The Hon. M.F. O'BRIEN: That's correct, member for Bragg.

Ms CHAPMAN: I assume that is proposed to be similarly for the 2013-14 year?

The Hon. M.F. O'BRIEN: That's correct, yes.

Ms CHAPMAN: So the expectation from them will be, again, to provide somebody for meetings, a policy meeting for example?

The Hon. M.F. O'BRIEN: Yes, that's correct.

Ms CHAPMAN: As and may be required.

The Hon. M.F. O'BRIEN: Yes.

Ms CHAPMAN: In its operation to date, has the Community Safety Directorate developed any reports for you or to the Minister for Communities and Social Inclusion, who I think now more recently has taken responsibility for it?

The Hon. M.F. O'BRIEN: Probably one of the most significant bodies of work was a proposal for cleansing of the SACAT database. We had instances where emergency service vehicles were not given the correct address. For argument's sake, in Delamere they may have been sent to the wrong stretch of a particular road.

A decision was made that we ought to go through a process of cleansing the system of addresses that were incorrect in that they did not give us the specific geographic location. This is particularly important for services like the Country Fire Service and the SES operating in regional areas. Now, that was a considerable body of work that was undertaken.

Ms CHAPMAN: Did it provide the recommendation to do it, or did the directorate do it?

The Hon. M.F. O'BRIEN: No, it was a recommendation to do it. It was not a body of work that they could undertake, but they could supply an understanding of the dimensions of the job and the resources required and probably the consequences of not addressing the issue now and deferring consideration in that additional addresses would be added that were incorrect.

Ms CHAPMAN: I think with the new Rural Property Addressing system—I think it is called something like that—about 60,000 properties all have new addresses. I have one. They gave me the wrong address to start with, I might say, but it seems to be fixed. Minister, I think you are absolutely right: it has caused some problems.

People have turned up in the wrong area or the wrong district. Anyway, we all have a number now and a road and, with a bit of luck, that will improve it. Do you know if that project finished, incidentally, and have the CFS been advised of all the new addresses? Certainly in my electorate I am still getting a few ad hoc concerns about it.

The Hon. M.F. O'BRIEN: The work was undertaken for DPTI. I am not moving responsibility; that is a government responsibility and that is the importance of the directorate. I have been informed that they are well advanced in dealing with that rural address system that you have referred to.

In considering this matter, somebody gave advice that a landowner put in a call to the Country Fire Service because there was a fire burning on their property and saw the CFS vehicle fly past going down the road, which indicated there was an issue with the accuracy of the addresses. There are a few examples like that, which steeled our resolve to deal with this issue before it became even larger.

Ms CHAPMAN: So I can be clear, the directorate recommended that they do a cleansing and have a better system, that has been done by DPTI and you are satisfied that is progressing pretty well.

The Hon. M.F. O'BRIEN: Yes.

Ms CHAPMAN: Has the directorate put any recommendation to you that all is in order, or does it have an ongoing monitoring role?

The Hon. M.F. O'BRIEN: They were requested to undertake the work. We have a cabinet level state emergency management council that considers all of these issues and that particular responsibility was tasked to the Community Safety Directorate to come back with a series of recommendations, which they did.

Ms CHAPMAN: So it does not actually have a monitoring role; it is a recommendation?

The Hon. M.F. O'BRIEN: That's right.

Ms CHAPMAN: Are there any other reports that it has done?

The Hon. M.F. O'BRIEN: It is providing support for the Holloway review. It is looking at what I will call an accommodation precinct. The Country Fire Service, the State Emergency Service and SAFECOM are all located in a building in Waymouth Street. There are two issues: (1) the lease is coming to an end; and (2) the accommodation is quite constrained. However, thirdly, it is not an accommodation solution that I would describe as being fair to volunteers, particularly for people who come in from the country for meetings.

Ms CHAPMAN: When does the lease end?

The Hon. M.F. O'BRIEN: 31 August.

Ms CHAPMAN: This year?

The Hon. M.F. O'BRIEN: Of next year. What we are doing is seeking to relocate out of the immediate square-mile central business district so that we are in a location where there is adequate parking for country volunteers. We have emergencies, and we have staff of the Country Fire Service, for argument's sake, or the SES. We are looking for an opportunity to collocate so that we have an emergency services precinct, but also one that can accommodate volunteers as required.

Ms CHAPMAN: I understand that will be happening.

The Hon. M.F. O'BRIEN: That is something that has been looked at by the directorate.

Ms CHAPMAN: Why is the directorate looking at that and not SAFECOM?

The Hon. M.F. O'BRIEN: I suppose they both are. The directorate is dealing with the extra agency considerations, which are interaction with SAPOL and other government agencies in the event of an emergency. I suppose you could say that it is something that is being managed by a couple of agencies, but the directorate is looking at the broader impact.

Ms CHAPMAN: There is no suggestion that SAPOL is going to be relocated with this unit?

The Hon. M.F. O'BRIEN: No, there is not.

Ms CHAPMAN: In fact, I think this budget very proudly describes the objectives of the SES, in particular, as an agency that is set up to provide for emergencies as a support to the police—

The Hon. M.F. O'BRIEN: Yes, that is right.

Ms CHAPMAN: —and rescues, and a large number of other important duties. I am still not sure why; I think what you are saying is that the directorate has to do this rather than SAFECOM, even though we set up, as a parliament, SAFECOM so that it could attend to the central areas of significance for each of the agencies. You say it is because it needs to consider police interests as well?

The Hon. M.F. O'BRIEN: And recovery issues.

Ms CHAPMAN: Recovery of what?

The Hon. M.F. O'BRIEN: After a flood or a bushfire, to go in immediately after the event and provide accommodation, food and the like.

Ms CHAPMAN: What I am asking is, why is it necessary for the directorate (which has a link with the police) to be the body which you commissioned—or somebody has commissioned—to consider the issue of where the new headquarters for the SES, SAFECOM and CFS is to be? Why is it doing that job?

The Hon. M.F. O'BRIEN: I would say because there is a degree of crossover between SAFECOM and the directorate. As I said, the directorate has a slightly wider brief. SAFECOM is responsible for the coordination and allocation of resources between the three emergency services. The Community Safety Directorate has a slightly wider brief in considering all community safety issues, and some of those are recovery issues.

Ms CHAPMAN: What you have read for SAFECOM sounds exactly like their objectives under the act. With all of the impressive list of gentlemen sitting next to you and behind you, all of whom you have introduced as having senior roles in the provision of emergency services in South Australia—and we thank them for that—has any one of them asked you to continue the Community Services Directorate?

The Hon. M.F. O'BRIEN: Asked me, personally?

Ms CHAPMAN: As the minister?

The Hon. M.F. O'BRIEN: At this particular point in time we have the Hon. Paul Holloway undertaking the review of the act which has probably potential implications for the directorate and for SAFECOM and for the structure of the act. I would imagine that Paul Holloway has consulted with each of them on a whole range of matters.

Ms CHAPMAN: Yes, I am sure he has and we will be looking forward to that report. His is a very comprehensive review of all of the service governance structures, not just the community safety directorate. Independent of that, you are the minister and you are the one who has these heavy-hitters sitting behind you who come to you, I am sure, each year to say how important their work is—and we agree it is.

You would be reminding them, if course, how you have got the Treasurer on your back to keep costs down, and I see there are these efficiency dividends listed in these portfolios; they have not escaped that. Have any of them asked you to keep up the directorate, to keep it going? It is obviously an expense to all of them?

The Hon. M.F. O'BRIEN: I suppose I have granted you a high degree of latitude in exploring the issue, but as to whether they have had discussions with me on whatever matter really has little relevance to specific budget lines.

Ms CHAPMAN: Well, it does. You are asking us to approve a budget, or recommend to the parliament that we approve the budget for the purposes of the expenses for each of these agencies and you have just outlined to me the hundreds of thousands of dollars that have been spent. One agency, at least, is going to continue that in this forthcoming financial year, starting on Monday, for some indefinite period of that time. That is why I am asking you about the importance of this particular aspect.

The Hon. M.F. O'BRIEN: Well, I think we have identified that the impact on other agencies settles in at about \$190,000; that is not immaterial. In the overall scheme of things, it is not a major cost impost.

Ms CHAPMAN: Can we just clarify—

The CHAIR: The minister has the call.

Ms CHAPMAN: Did you finish, minister?

The CHAIR: Minister, are you still going?

The Hon. M.F. O'BRIEN: No.

Ms CHAPMAN: If we can just clarify the costs, because obviously the gentleman sitting next to you also has a role in the directorate. My understanding from evidence given by Mr Harrison and others to other committees in the parliament is that there is no other expense. He is a paid chief executive of SAFECOM in any event. There are no other fees paid to him necessary to provide for his services in operating his role in the directorate. I am correct in that, aren't I?

The Hon. M.F. O'BRIEN: Sorry, there is?

Ms CHAPMAN: There are no other expenses here for the provision of services for Mr Harrison to be the head of the directorate?

The Hon. M.F. O'BRIEN: His salary is paid by SAPOL. It was in the last financial year and SAPOL have committed to continue funding.

Ms CHAPMAN: Sorry, I think I said SAFECOM but I meant SAPOL.

The Hon. M.F. O'BRIEN: Yes. In essence, the matter is under consideration. I am awaiting Paul Holloway's review. I have commissioned internal working papers. I know of the issues to which you allude. I am not ignorant of all of the considerations that you are putting to me.

In due course, on receipt of Paul Holloway's report and several other reports that have been submitted to me, I will be forming my own view, but at the moment I have yet determine a view. I see that there is merit in having a body that can provide across-agency policy advice in the area of community safety. Where that body should sit is something that we have under active consideration.

You are perfectly correct in that we have to find savings where we can. We have to run as tight a ship of government as we possibly can and I, as Minister for Finance, am probably as aware as any of my cabinet colleagues. The proposition is under active consideration. I sought the views of the chiefs.

Paul Holloway is doing a body of work which is required by the act. When I have received that I will be looking at whether we can be finetuning or modifying the structures that are there to provide the best level of security for the South Australian community in respect to emergency services.

Ms CHAPMAN: Yes, thank you, minister. What contribution to SAFECOM out of its budget is made to the Community Safety Directorate?

The Hon. M.F. O'BRIEN: There is no direct financial contribution. There would be in kind.

Ms CHAPMAN: Yes, well, can we have the in kind then? Is there personnel?

The Hon. M.F. O'BRIEN: It is a little difficult to calculate. It is probably similar to SES. People come in to a particular policy project, give advice and then withdraw.

Ms CHAPMAN: I am not talking about meeting time for representatives of organisations because I appreciate that frequently happens between agencies. They go to someone else's meeting, have a discussion about an issue. Does it have any personnel who are allocated or any part of their duties allocated to servicing the directorate?

The Hon. M.F. O'BRIEN: No, it does not.

Ms CHAPMAN: They are really just meeting times for policy discussion.

The Hon. M.F. O'BRIEN: Yes, that is right.

Ms CHAPMAN: I therefore assume, similarly, no provision in the SAFECOM budget for 2013-14?

The Hon. M.F. O'BRIEN: That is correct, yes.

Ms CHAPMAN: There is a reduction in expense from the 2012-13 budget to the 2013-14 budget for the CFS front-line service delivery, at page 69 of the Agency Statement. Why has the budget for the front-line service delivery been cut?

The Hon. M.F. O'BRIEN: Is that with reference to the Country Fire Service?

Ms CHAPMAN: The CFS, yes, front-line. Even in last year's budget, you see that the budget was higher; you actually estimated a much higher amount again.

The Hon. M.F. O'BRIEN: There are two factors: one is that the E-emergency Connect project has been completed, and the other is that there is an additional call on aircraft. I suppose in accounting terms you would say that there was a budgeted figure which was exceeded, there was a variance, an additional expenditure for aircraft. In going into this budget period, we are going in again on the assumption that there will not be an additional call for aircraft and consumables, but it may well be that, if it is an extremely dry summer, there may be.

Again, it is the situation that I explained. There is a budgeted figure for aircraft, which is the outcome of the national contract arrangements, and if we require to extend the contract for specific aircraft that decision is made by the chief officer with no reference to me. At year end, there is a variance from amount budgeted, so we are going into the new financial year with a budgeted figure that works on the assumption that there will be no additional call for aircraft.

Ms CHAPMAN: We have just heard the head of the CFS tell us that he is resubmitting for the same 84-day contract.

The Hon. M.F. O'BRIEN: Yes, that is right.

Ms CHAPMAN: I think you would have to agree that last summer in many ways was as good as it gets, in the sense of fire services required. Probably thanks to the advice of a number of people sitting around you and the extraordinary work of a lot of people out there—and that is to the credit of many people in these agencies—we did not have any national disasters over the last summer period. Whilst there were some expensive episodes, I think no lives lost is part of the report here; certainly some property was lost, but not to the extent we have known in the history of this state.

I think that, if anything, we could say that this has been a good year, the preceding summer, for bushfire disasters for our state. There is no proposed change in the aerial contracts—we have just heard that—so how can you account for, even in a good year, not making some provision? Why would you diminish that amount as we go into the next season which, even if it is as good as we have had, is likely to still cost us an extra nearly \$2 million a year? I just do not understand it, that's all.

The Hon. M.F. O'BRIEN: It is a reasonable observation, and at some stage there may be a national consensus, in the face of global warming and the climatic consequences, that we want to go beyond the 84, but I think at this particular point in time there is a national consensus that that is the contract period to which we want to commit.

Ms CHAPMAN: Indeed, and I am not challenging that. I accept that that is what has happened: we are about to sign a contract, and that is what we are going to have for next year. Given that, irrespective of consensus on climate change—hell could freeze over before we have that—this is this year coming up. In a reasonably good year, we needed an extra \$1.8 million under the same terms and conditions we are about to go into for this forthcoming summer. I just cannot understand why you have chopped out \$1.8 million.

Mr HARRISON: If I can answer, member for Bragg, the situation is that, because of the nature of the work of the CFS—and it is very difficult to determine the operational impact because of the frequency, complexity and the number of fires—the budget is appropriated to the CFS for the year. As the year progresses, in discussions with Treasury officials advice is provided in relation to what, over and above operational costs, may be impacted owing to the frequency and complexity of fires.

I think you are right in saying that this particular season was, if you can describe it this way, a good outcome for the state. Adjustments are made, and those adjustments come from appropriations from Treasury but also at times, as did occur in 2012-13, there is some form of top-up from the community emergency service levy. This year that was in the vicinity of \$700,000.

The budget may appear to be different, and may appear to be less but, if I can use this term, it is somewhat a 'starting point' based on salaries, wages, goods, services, inclusive of costs, such as the aviation expenses and costs. There are adjustments, generally speaking. Over the last three or four years, that has been somewhere in the vicinity of some zero top-up to around about \$2 million plus top-up, very much based on the frequency, the complexity and the amount of activity that generally occurs during the fire danger season.

Ms CHAPMAN: In a comparable year, even if it is no worse, we went from a budget of \$50.9 million, which ended up as \$53.944 million, and we only got a \$700,000 top-up, so millions of dollars extra were required in an ordinary year. You are budgeting for 50.44. My point is that, if we work on a baseline and top-up system, that is going to be grossly inadequate for this year. Even on the current circumstances, we will be looking at to have a similar position—another \$3½ million. In any event, you say that that is on the basis that you can go along to the Treasury and seek a top-up if you need to.

The Hon. M.F. O'BRIEN: The starting point is identical, and that is a decision that has been made by the CFS. They have determined the starting point and determined that they wish to start from an equivalent position to last year, knowing full well that, if the money is required for additional air services, it will be forthcoming.

Ms CHAPMAN: Did they get an extra \$3 million last year over and above its budgeted amount from Treasury and/or the fund, or did they have to pull it out of some other level of allocated funds?

The Hon. M.F. O'BRIEN: A combination of financial contribution from Treasury, but also from internal resources for fire retardants and the like.

Ms CHAPMAN: How much extra money was given by Treasury?

The Hon. M.F. O'BRIEN: Member for Bragg, \$739,000 from the fund, \$1.8 million budgeted adjustment funds provided by government, and the remainder from the Country Fire Service cash reserves. I would imagine that in some instances there was probably also a drawdown on the existing inventory, which would have to be accounted for.

Ms CHAPMAN: I notice that the projected 300,000 volunteer hours—on page 71, again for CFS—ended up 690,000 volunteer hours, and the projection for 2013-14 has gone down again to 600,000. Is there any reason why that is expected to be more modest?

The Hon. M.F. O'BRIEN: Member for Bragg, I will pass it over to the chief officer, Greg Nettleton.

Mr NETTLETON: The figure we have worked on, the 6,000 hours, or the figure you mentioned, is our base figure. That is over a longer period of time that that figure has been arrived at. The figure for the 2012-13 fire danger season that has gone past, you may not realise it, is probably the busiest year in the last 14 years for the Country Fire Service. I do not have the exact number of incidents, but I know that it is in excess of 9,000. The reason the number of volunteer hours is much, much larger than in your published figures is because of the degree of complexity of some of the fires, and they required a number of strike teams to be deployed across the state.

For instance, the Coomunga fire, whilst it disappears from the news after two or three days, we had resources committed to fight Coomunga for over a week. For a number of other fires, whilst the flames may go out, we have still requirements to mop up and make those areas safe. So the number of hours that volunteers put in for those fires is quite considerable; but we cannot forecast how many fires we are going to have in the next financial year, and we cannot forecast how many volunteer hours will be required to meet that demand.

Ms CHAPMAN: These are not my figures; these are your figures, incidentally—it is your 300,000 expected and it got to 690,000. Did that include volunteers' administrative time for their volunteer hours, that is, filling out the paperwork?

Mr NETTLETON: The number of hours included in the figures is for the total volunteer commitment—

Ms CHAPMAN: So it's in a truck, at a fire—

Mr NETTLETON: —and that includes operational, training, administration.

Ms CHAPMAN: —on training, filling out forms, going to meetings—everything?

Mr NETTLETON: Yes, I believe so.

Ms CHAPMAN: And you think that that is going to significantly reduce in this forthcoming year? I hear what you are saying about having the mop up role. I've been around, I did not come down in the last shower, and I certainly know that this has been happening every year; I know that fires happen.

Usually it is for weeks after that your personnel and volunteers are involved in the cleanup, and then there are the people left with the ownership, parks, private owners, etc. They spend months, or years, fixing up these things. So, this is not new. What is new is that you are saying that there were—is it 90,000 incidents, I think you said, that you attended to?

Mr NETTLETON: No. In the last 12 months, we have attended over 9,000.

Ms CHAPMAN: 9,000, right. And how does that compare to preceding years?

Mr NETTLETON: The preceding years, the next largest number of incidences we have attended was around 8,800, and that was two years ago. Last year there were fewer incidences. Much of this is seasonal. During the last couple of years, we have had fires we have had to contend with up in the north-eastern and north-western parts of the state.

So, there is travel time associated with those activities as well, and some of those deployments have been quite long deployments. For instance, fires around Moomba typically take a fairly long time. They are difficult and logistically hard to resource. Hopefully, this coming season we will not have to deploy resources to large events. But, as I said earlier, it is difficult for us to forecast the number of operational hours.

Ms CHAPMAN: Anyway, it is a marathon effort on the part of thousands of volunteers, and that is to be commended. In any event, minister, for your benefit, I can certainly say that, in the short time I have looked after this portfolio for others in the parliament, the biggest single concern in this area has been in volunteer time, the administrative cost and time. It is noted that at least it is recorded in here, but it is of no comfort to those who are out in the field, I must say. Anyway, I thank you for your contribution to the committee. I think the member for Chaffey has some questions.

Mr WHETSTONE: I refer to the E-mergency Connect program, on page 72. Minister, what was the total capital and operational costs for developing and implementing the E-mergency Connect program?

The Hon. M.F. O'BRIEN: Just going off the notes, on 7 February 2010, the Premier announced a \$9.4 million funding boost for the state's volunteer-based emergency services, which included \$5.6 million to roll out new computers and broadband connectivity to CFS groups and brigades and to State Emergency Service (SES) units.

Perhaps I can touch on the key elements: the IT network and infrastructure providing broadband connectivity and computers, web portal, email, collaboration technologies and e-learning systems and packages. In responding to the member for Bragg's question about the administrative requirements of CFS volunteers, I think that there is an expectation that this system will, in time, lessen that burden.

Ms CHAPMAN: In relation to the forthcoming budget, minister, is there any provision in the MFS budget for the purposes of introducing and paying for the cost of training and assessment for a fitness-to-work test?

The Hon. M.F. O'BRIEN: I will ask the Chief Officer, South Australian Metropolitan Fire Service, Grant Lupton, who is sitting immediately to my left, to deal with that question.

Mr LUPTON: This is a burgeoning issue we are dealing with. As recently as Wednesday this week, we had one of our senior officers in New South Wales getting a scope on what the cost for a fit-for-purpose test program might be. The systems to achieve that are currently being developed nationally, so we do not really have a sense of the cost.

Ms CHAPMAN: Did New South Wales have an indicative cost?

Mr LUPTON: Not really, because they are in the process of developing theirs as well; they have the statutory provision to be able to do it, but they are dealing with it as well. They are using a process that we believe still needs to be developed, per se. I could find out what it costs them to do it, but it does not actually meet what our requirements are going to be.

Ms CHAPMAN: This is on the basis, though, that there is some ongoing dialogue, obviously, with other states, for example, to deal with this at a national level? Obviously that has

not been resolved at this point, but is there any provision in the forthcoming year's MFS budget to develop and implement that?

Mr LUPTON: There is no specific provision; there is a department that would deal with it, and then we would adjust our existing programs to accommodate it. We have not identified a specific amount because we have not quantified it yet. What we have identified is a significant issue, but the actual costs and application of the test may not be that problematic, because we do do assessments of other competencies on a year-round basis. It is more in the development work, but as for the actual application, I would not envision that being a major budget item.

Ms CHAPMAN: If, in fact, that is the direction that ultimately transpires, is that then under the responsibility of another department, SAFECOM, or the MFS? I am just getting ready for next year.

Mr LUPTON: Yes; specifically—

Ms CHAPMAN: I might have to answer the questions.

Mr LUPTON: That's right. To—

Members interjecting:

The CHAIR: The chief has the call.

Mr LUPTON: Thank you, Mr Chair. There are two responses: it is my responsibility to ensure that that the workforce are fit for duty, so it would not be carried out by another department. We have a Learning and Development department, which is basically our training department, where we do assess all of our staff against the required competencies, so we would administer it, much like we do driving tests and breathing apparatus tests, and all those. The target group would be an ageing workforce, to be frank, and that is why it is a burgeoning issue. We do have an ageing workforce, and we need to make sure that our workforce do their work safely.

Ms CHAPMAN: Indeed. Thank you very much, Mr Lupton, and thank you, minister, for their time.

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

DEPARTMENT FOR CORRECTIONAL SERVICES, \$241,375,000

Witness:

Hon. M.F. O'Brien, Minister for Finance, Minister for Police, Minister for Correctional Services, Minister for Emergency Services, Minister for Road Safety.

Membership:

Mr Goldsworthy substituted for Mr Whetstone.

Mr van Holst Pellekaan substituted for Ms Chapman

Departmental Advisers:

Mr D. Brown, Chief Executive, Department for Correctional Services.

Mr C. Sexton, Executive Director, Business and Information Services, Department for Correctional Services.

Mr G. Weir, Deputy Chief Executive, Department for Correctional Services.

Mr C. Mackie, Director, Governance and Executive Support, Department for Correctional Services.

The CHAIR: I declare the proposed payments open for examination. I call on the minister to make an opening statement if he so desires.

The Hon. M.F. O'BRIEN: No opening statement.

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

Mr VAN HOLST PELLEKAAN: Yes, Mr Chair. I will be very brief. I would like to just put on record my acknowledgement and appreciation for the work that the Department for Correctional Services staff do. As most people would be aware, prison officers work in constant and close contact with convicted criminals. Their safety is at risk, and that is a very stressful environment in which to work.

I would also like to just acknowledge the work of community corrections officers who, while not facing necessarily every day the same stressed workplace, have the added challenges of managing offenders who are in the community. That is an added responsibility that they bear which is often overlooked, so I would just like to express my appreciation for the work that they do.

The CHAIR: Questions.

Mr VAN HOLST PELLEKAAN: Minister, the first question is on Budget Paper 6, page 27—additional prisoner accommodation at Mount Gambier. What will be the total cost to construct the additional 108-bed accommodations at Mount Gambier prison, please?

The Hon. M.F. O'BRIEN: \$22.9 million.

Mr VAN HOLST PELLEKAAN: Minister, I think the original budget was \$18 million, and then the most recent budget was \$22.9 million. Given that the project is close to completion—it will be completed I believe in January 2014—can you just give us an update on how you are tracking compared to that budget number that you just gave?

The Hon. M.F. O'BRIEN: It is due for completion in July, and it is currently on budget.

Mr VAN HOLST PELLEKAAN: In the same paper (and it will be that way for a little while, Chair), I refer again to additional accommodation at Mount Gambier. Can you please explain why operational costs for the 108-bed expansion at Mount Gambier Prison, scheduled for completion in July, were not included in previous budgets?

The Hon. M.F. O'BRIEN: I will allow Chris to explain, rather than me.

Mr SEXTON: We liaise closely with Treasury and Finance in regard to operating costs that follow the final construction of our capital projects, and Treasury did include in our 2013-14 budget and the forward estimates on from that those operating costs. We did follow the normal liaison with Treasury and other appropriate consultation.

Mr VAN HOLST PELLEKAAN: Through the minister, but I am happy with whoever answers, wouldn't it be normal, though, if you are looking at a budget year finishing up and a budget year about to start and forward estimates for four years in total, if you had a capital project due to be completed within the forward estimates you would also put operating expenditure that is known to be required in whatever years are left of the forward estimates after completion of the build?

The Hon. M.F. O'BRIEN: I will endeavour to get a briefing for the member for Stuart but, to reiterate what Mr Sexton has said, it appears to be Treasury and Finance protocol that until a capital project is completed, and in this case occupied and staffed, the operating expenditure—in this case, for an expansion—is not entered into the forward estimates. I will come back to you with a briefing and an explanation as to why that is the case. If it is not the case—and I have no reason to believe that it is not—I will certainly endeavour to rectify it, but that is the explanation I have been given.

Mr VAN HOLST PELLEKAAN: Thank you, minister. I look forward to that briefing because I really have exactly the same question about the 20 beds at the Adelaide Women's Prison, which are soon to be completed. Again, I would propose that responsible budgeting—if it were a school, you would build it and you would have money in the budget for staffing and running it; the same would be true for prisons, but I note that that is not the case for the Adelaide Women's Prison either.

Can the minister explain why operational costs for the 20 beds at Port Lincoln were not included in last year's budget? I will add that these are beds that are actually up and running and being used, so to say that Treasury was going to wait and let you know later I think probably does not apply to this example.

The Hon. M.F. O'BRIEN: I have been informed that they are included in the current financial year and next year because the additional facilities became operational in May.

Mr VAN HOLST PELLEKAAN: But they were not in last year's budget.

The Hon. M.F. O'BRIEN: There is a bit of conflicting advice, but I think I have got to the bottom of it. What happened was that, during the course of the financial year, outside the budget-setting process, the need and also the opportunity for additional accommodation at Port Lincoln were identified and a decision was made to construct. This came down to a double-up, two people to a cell, whereas previously there had been one. That is the explanation.

Mr VAN HOLST PELLEKAAN: Along the same lines, but a different example again, given that the 60-bed expansion at Mount Gambier Prison (60 on top of the 108) is expected to be completed in June 2016, my question was: can the minister advise why there are no operational costs included in the budget for 2016-17? I have heard your answer but, given that I think you were not responsible for the capital builds when the budget was put together for the previous prison expansions but you are for this one, did you go to the Treasurer and say, 'These extra beds are going to be completed in June 2016, the budget goes out to 2016-17, we need to put some money in the budget to run these extra beds'?

The Hon. M.F. O'BRIEN: I work on the assumption that Treasury know their game, and there are a whole range of accounting provisions that are codified that apply to government accounts and we are bound by them. If this is the accounting protocol, this is the accounting protocol. I gave an undertaking to the member for Stuart that I would come back with the specifics to confirm that that is, in fact, the case.

Mr VAN HOLST PELLEKAAN: Thank you, minister; I appreciate the offer of the details and I will take you up on that offer. In the context of the budget as it relates to Corrections, but also more broadly, given that there have been successive budgets predicting surpluses that have not eventuated, as a responsible Minister for Correctional Services, and also as Minister for Finance in another capacity, did you flag that this might be one of the areas of problems, that very obvious operating costs have been excluded from the budget?

The Hon. M.F. O'BRIEN: No, because it could well be—and we will see what the briefing indicates—that this is the accounting treatment, and to vary from that may have actually given a misleading budget outcome, but I will come back to the member for Stuart with a response. I might just confer with the chief executive because I know that we do this work.

The chief executive has informed me that in supplying Treasury we give capital costs plus projected operating expenditure, so that is made available to Treasury and Finance. It seems that the protocol, or the accounting treatment, is such that it is not entered into the forward estimates until the capital project is complete and operational.

Mr VAN HOLST PELLEKAAN: Turning to Budget Paper 4, Agency Statement, Volume 1, page 140, the next few questions relate to prison capacity. Can the minister confirm if all of the 2,119 secure and 297 open beds are currently available for use; if not, which beds are still to be commissioned?

The Hon. M.F. O'BRIEN: Member for Stuart, could you repeat that?

Mr VAN HOLST PELLEKAAN: Yes, minister. It is on page 140—

The Hon. M.F. O'BRIEN: Yes, we've got that far.

Mr VAN HOLST PELLEKAAN: Please confirm if all of the 2,119 secure beds and 297 open beds, which are the numbers in the budget, are currently available to use. If not, which of them are still to be commissioned?

The Hon. M.F. O'BRIEN: The chief executive has informed me that when the additional Mount Gambier beds come online in July then all of those beds will be available.

Mr VAN HOLST PELLEKAAN: Thank you. Do those 2,416 prison beds (which is just the total of those two numbers) include the prison beds at the City Watch House and temporary beds set up at Mount Gambier?

The Hon. M.F. O'BRIEN: David Brown, Chief Executive, wants to make a correction to the answer that was given in response to the previous question.

Mr BROWN: In the Agency Statement for 2013-14 we incorrectly included the 26 beds for the high dependency unit. That is not actually scheduled for completion to 2014-15, so that Agency Statement will be corrected next year to reflect that error. Apart from that, 26 beds were always intended to come online in 2015-16, all of the other secure and open beds are available for use once the 108 beds come online at Mount Gambier.

Mr VAN HOLST PELLEKAAN: Thank you very much, Mr Brown. Back to the—

The Hon. M.F. O'BRIEN: The advice, and we are just confirming it, does not include watch house and temporary beds.

Mr VAN HOLST PELLEKAAN: Does not include?

The Hon. M.F. O'BRIEN: Does not include, yes.

Mr VAN HOLST PELLEKAAN: How many additional beds are there over and above the reported numbers that are available through the watch house and the temporary beds at Mount Gambier?

The Hon. M.F. O'BRIEN: There are 38 beds at the watch house, 14 temporary beds at Mount Gambier, six at Cadell that are there to deal with surge capacity and, for that reason, they are not counted, so there will be an ebb and flow but that is probably a bit of a safety valve.

Mr VAN HOLST PELLEKAAN: Thank you, minister. I have a supplementary question in response to Mr Brown's answer about the 26 beds, given that there was an error there. Is there any financial adjustment corresponding to that area that needs to be made to the budget as well?

The Hon. M.F. O'BRIEN: I will give it over to Mr Brown.

Mr BROWN: No.

Mr VAN HOLST PELLEKAAN: So the error was just with regard to the numbers and the dates but not with regard to the dollars.

Mr BROWN: Yes.

Mr VAN HOLST PELLEKAAN: Referring now to page 141 and the daily prison population figure of 2,270, can the minister confirm if the government believes that prison numbers will not exceed this figure this financial year?

The Hon. M.F. O'BRIEN: From 2001 up until 2012-13 financial year, approved prison capacity has been in line with daily average prisoner population. The average daily prisoner number for the 2012-13 financial year was estimated at 2,129; however, the estimated end of year result is higher at 2,171. This increase is due in part to an unplanned spike in prisoner number of 96 prisoners, 83 sentenced and 13 remanded between 30 September 2012 and 30 November 2012. To date, in 2012-13 prisoner numbers in South Australia peaked at 2,288, on 6 June 2013.

Mr VAN HOLST PELLEKAAN: So there was a peak?

The Hon. M.F. O'BRIEN: Yes.

Mr VAN HOLST PELLEKAAN: Thank you, minister. Can you advise, please, what the projected growth in prisoner numbers is in each year of the forward estimates?

The Hon. M.F. O'BRIEN: The estimate for daily average prisoner population in 2013-14 is 2,270. Prisoner population projections are based on a range of factors, including previous trend data, current legislation and existing policies, and therefore the estimates are subject to fluctuation and some uncertainty. We have the figures here. I gave the figure for 2013-14, but I will give it again: 2,270; in 2014-15, 2,336; in 2015-16, 2,403; in 2016-17, 2,472; and in 2017-18, 2,545.

Mr VAN HOLST PELLEKAAN: Thank you for those numbers, minister. They appear, in each of those years, to be a slightly lower number than would occur if the last 10 years' average growth of prisoners or the last two years' growth of average prisoner numbers had maintained.

The Hon. M.F. O'BRIEN: In making these estimates, rather than using the preceding year—and I indicated there was a peak over several months and that is one of the reasons that we have this capacity for surge with the 38 beds at the watchhouse, the 14 temporary beds at Mount Gambier and the six at Cadell; that is to deal with the surge—we look over the longer term, the 20 years, and it is 3 per cent on average. Over the longer term you tend to get the smooth out of seasonal law and annual aberrations.

Mr VAN HOLST PELLEKAAN: I accept what you are saying about needing to consider blips, essentially. You are telling me that the 20-year average is 3.0 per cent growth. I would say to you that the 10-year average is 3.9 per cent and so I would suggest that the 10-year average is probably far more appropriate to use than the 20-year average, in which case I suspect that the budget to provide extra prison beds may not keep up with that.

The Hon. M.F. O'BRIEN: It may not, but I think what has probably been taken into consideration is the fact that we have an ageing population and as people get older they generally get wiser. It does not necessarily follow, but I think we are working on the assumption that that is a kind of mitigating factor in pulling back to the 20-year average.

Mr VAN HOLST PELLEKAAN: Okay. It might be true that as the population ages, the population gets wiser and so the population will commit fewer crimes. I am not sure that that supports using a 20-year average rather than a 10-year average, but I am listening to what you are saying. Let me throw into that topic, then, the fact that South Australia actually has the highest mean and median length of sentence in the nation, so I suspect that that is more likely to increase the prison population than decrease it.

The Hon. M.F. O'BRIEN: It could be correct, but we are talking projections. Member for Stuart, we can bring forward an expert who could give an explanation in some depth as to the methodology of these projections, but they are, at best, projections and the government of the day just has to make adjustments in the light, I think, of what the expectation is several years out. I can organise a briefing.

Mr VAN HOLST PELLEKAAN: I would be pleased to have a briefing from an expert and I am always very happy to learn, but you are the minister, so you are the expert that I have today, with your expert advisers as well, whom I hold in high regard. It just seems to me that in a budget context one of the foundation jobs of a minister dealing with correctional services would be to ensure that the expected prisoner population can be housed and it seems that that is not going to be the case.

Can I ask you—given that you are also the Minister for Finance, and I know you are very good with numbers—did you go to the government and say, 'Look, in 2015 we're not going to have enough space. With the beds planned that we've got money to build and with the expected prisoner numbers we're going to run out of room in 2015, using the very best projections we can possibly hope for, including "old people won't commit crimes".' Did you go to the Treasurer and say, 'I need more money.'

The Hon. M.F. O'BRIEN: No, I didn't because it was not put to me by Correctional Services that this would be the case, and I have around me a highly professional, highly capable group of individuals. However, if I might say, outside the budget-setting process, we are actually looking at opportunities that are becoming available to us with the pullback in mining activity, particularly in Western Australia and elsewhere, for accommodation that can be put into place quite quickly, but the examination of those possibilities, which would be of considerable financial benefit to government, have just commenced.

Mr VAN HOLST PELLEKAAN: Thank you, minister, and I will take up your offer for that briefing. I refer to Budget Paper 6, page 27—Bail Accommodation Support Program. Please advise what services will be included in the \$2.9 million over the next three years for this program?

The Hon. M.F. O'BRIEN: The program will specifically assist disadvantaged groups including the homeless or those in unstable accommodation, Aboriginal offenders and those with mental health problems who do not seek legal representation. My understanding is that they do constitute a problem, in that the courts are unwilling to release them back onto the streets because they are homeless. We will be providing a service that does not tie up beds at the watch house but gets them off the street and wraps around some level of additional service.

These are probably some of the most disadvantaged in our community who require immediate assistance in being accommodated for the night. I think there is a view that the watchhouse has provided this service in the past, but there are better uses for the watchhouse and there are better places to be accommodating this most vulnerable group within our community.

Mr VAN HOLST PELLEKAAN: Minister, can you please advise what the source of the accommodation will be; what the actual accommodation will be for this program?

The Hon. M.F. O'BRIEN: I will ask David Brown, the chief executive, to give detail.

Mr BROWN: The accommodation that we would seek to provide will be designed to provide the person on bail with some independent living facilities, with some wraparound support services by an accommodation service provider. Most probably, in all likelihood, we would look into partner with an agency from the not-for-profit sector.

Then, overlaid on top of that will be the supervision arrangements that we currently provide to offenders who are on bail or who may be on intensive bail supervision, and that would be based on an individual assessment process.

One of the principal objectives of the program is to enable a person to stay connected to existing services that they are already accessing and possibly even existing employment or education that they may otherwise place at jeopardy if they are remanded in custody for a period greater than two weeks.

Mr VAN HOLST PELLEKAAN: Thank you, Mr Brown. Would these be properties that are leased or would it be a fee-for-service wrapping up for the provision of the property and other services as well?

Mr BROWN: The model that we are looking to commission would be one where we would be leasing the facilities and the wraparound support services, but the supervision services for the purpose of the Bail Act would be those services that the Department for Correctional Services would deliver.

Mr VAN HOLST PELLEKAAN: Thank you, Mr Brown. Minister, in light of your answer to a few questions before about yours, the Treasurer's and Treasury's practice when the state builds Correctional Services facilities that it is going to own and operate, that it does not put operational costs in until after the build is complete, why is it that when we are talking about the development of new facilities the state will not actually own we do put operational costs in for those facilities years down the track?

The Hon. M.F. O'BRIEN: In this particular instance, the first two years' are project costs and the third year's are operational. I think the difference is that we have made a decision that we are embarking on this particular project and have to engage with the private sector, so the treatment is that we recognise the project costs and make provision for operational costs in year three.

Mr VAN HOLST PELLEKAAN: So if it is a fully owned and operated facility we do not put operational costs in advance, but if it is a facility that we do not own but we will operate we do put operational costs in years in advance?

The Hon. M.F. O'BRIEN: That appears to be the case; and we will get the briefing.

Mr VAN HOLST PELLEKAAN: On that same issue, then, the operational costs that are put in 2015-16 are \$1.266 million and the operational costs for the 2016-17 are \$1.288 million. The budget clearly states that that has been increased to reflect CPI. The Treasurer clearly told us that he expects CPI to be 2.5 per cent in the coming financial year. Can you tell me, please, why, from 2015-16 to 2016-17, you or Treasury is forecasting only 1.7 per cent CPI? Are things really that gloomy around here?

The Hon. M.F. O'BRIEN: The 2015-16 includes part of the project officer component that is contained in the two previous years; in 2016-17 that drops out. So, that explains the reduction. The project officer ceases to be employed in 2016-17 but is employed part of the year in 2015-16.

Mr VAN HOLST PELLEKAAN: Minister, is that the \$63,000 that is in the budget for 2016-17?

The Hon. M.F. O'BRIEN: Yes; that is for half time.

Mr VAN HOLST PELLEKAAN: I have already excluded the \$63,000.

The Hon. M.F. O'BRIEN: So, you have worked on the assumption that the individual works for only half of the year. How did you arrive at that figure?

Mr VAN HOLST PELLEKAAN: The budget shows that the establishment cost in 2013-14 is \$140,000, that the establishment cost in 2014-15 is \$143,000, and that the establishment cost in 2015-16 is \$63,000, which is the project officer cost, you have just told me.

The Hon. M.F. O'BRIEN: Yes.

Mr VAN HOLST PELLEKAAN: The operational cost in 2015-16 is \$1.266 million, and the operational cost in 2016-17 is \$1.288 million. I have excluded the \$63,000, which you said was for the project officer, so that cannot be the reason for such a small increase, if indeed the increase is meant to reflect CPI.

The Hon. M.F. O'BRIEN: I will take that one on notice, but the explanation that has been given to me is that it is highly likely that there has been provision for set-up costs for the partners to become operational. Both of the officers feel fairly secure in that explanation, but they will come back with an answer.

Mr VAN HOLST PELLEKAAN: Thank you, minister. I refer to Budget Paper 4, page 136. Minister, please confirm whether the government has plans to continue to expand the multi-agency offender management program, which DCS participates in? If so, what expenditure is linked to that expansion?

The Hon. M.F. O'BRIEN: We have no intention to expand, but we will continue to operate the program at Port Adelaide, which commenced in June 2010, and the second program which was launched in Christies Beach. They will remain operational, but there will be no further expansion at this stage.

Mr VAN HOLST PELLEKAAN: What expenditure is linked to their continued operation, please?

The Hon. M.F. O'BRIEN: We have not broken that figure out of the operational budget, but we can and we will return with that figure.

Mr VAN HOLST PELLEKAAN: Thank you, minister. Given that it is a multi-agency program, does DCS provide money to other agencies for that program, or does it collect money from other agencies to run that program?

The Hon. M.F. O'BRIEN: SAPOL is the lead agency, and the chief executive has met with SAPOL within the last week or two and given a commitment of Corrections' ongoing financial commitment to both programs.

Mr VAN HOLST PELLEKAAN: I will take you up on that offer to tell me how much DCS transfers to SAPOL; that would be great.

The Hon. M.F. O'BRIEN: Yes, and we will; that's fine.

Mr VAN HOLST PELLEKAAN: On page 134 in the same book, can the minister advise what the savings were in terms of FTEs in 2012-13, if the target was achieved and, perhaps to save a bit of time, what targets you have for forward years as well, please?

The Hon. M.F. O'BRIEN: Sorry, we have slightly different page numbers and it is taking us a little longer to track down briefings. Member for Stuart, could you repeat that? We will finally get there, but—

Mr VAN HOLST PELLEKAAN: Yes, Budget Paper 4, page—

The Hon. M.F. O'BRIEN: No, we've got it, but what we have to do is actually find it by way of subject.

Mr VAN HOLST PELLEKAAN: Can you advise what the savings targets were in regard to FTEs in 2012-13, whether those targets were achieved and also what the targets are for the forward years of the estimates period.

The Hon. M.F. O'BRIEN: Dealing just with the FTE reduction measures, there were six FTES in 2013-14, 14 in 2014-15, and seven in 2015-16. We achieved the reduction in 2012-13.

Mr VAN HOLST PELLEKAAN: Thank you, minister. Can you advise, within that staffing structure you have just outlined, whether you have any plans to establish a prosecutions function within Correctional Services?

The Hon. M.F. O'BRIEN: We are piloting that proposition, and at some stage in the not too distant future we will be doing an evaluation. As things currently stand, there is not a commitment, but obviously we would not be piloting and evaluating if it were not under serious consideration.

Mr VAN HOLST PELLEKAAN: Thank you, minister. On Budget Paper 3, page 28 (in my book, anyway)—

The Hon. M.F. O'BRIEN: We have to go off the topic because we have different references.

Mr VAN HOLST PELLEKAAN: Agency operating expenses: what were the savings targets for DCS in 2012-13, and will these savings be achieved?

The Hon. M.F. O'BRIEN: The savings for 2012-13 were \$2.5 million, and they have been achieved.

Mr VAN HOLST PELLEKAAN: What measures were used to achieve them?

The Hon. M.F. O'BRIEN: FTE reductions and vacancy management strategies.

Mr VAN HOLST PELLEKAAN: 'Vacancy management strategies' meaning not reducing official FTEs on the books, but not filling them either?

The Hon. M.F. O'BRIEN: The additional measures that have given us the \$2.5 million are control over the travel budget and internal efficiencies, in terms of big issues such as control over phone usage and that type of thing.

Mr VAN HOLST PELLEKAAN: Minister, can you tell me what the savings targets required of DCS are for each year of the forward estimates period?

The Hon. M.F. O'BRIEN: Well, the 2014-15 figure is \$5.021 million. I don't know whether the member for Stuart is wanting to ask another question, but—

Mr VAN HOLST PELLEKAAN: You gave me the total for the four years: I asked for each one, so I thought that was what you were getting.

The Hon. M.F. O'BRIEN: The issue is that there has been a bringing forward on some of those. I will pass over to Chris.

Mr SEXTON: For 2013-14, it is \$3.3 million; for 2014-15, it is \$5.021 million, and that includes \$2.415 million brought forward from the 2015-16 financial year. Those are the figures we have at this stage. In 2016-17, it is approximately another \$2.5 million.

Mr VAN HOLST PELLEKAAN: On Budget Paper 4, page 140, and this question relates to escapes, or escape, minister, can you advise of the circumstances in which a prisoner escaped in 2012-13 from a low-security prison.

The Hon. M.F. O'BRIEN: As that is an operational issue, I will pass it over to David Brown, the chief executive.

Mr BROWN: The prisoner in question escaped from Cadell Training Centre, which is a low-security prison. He was on a work assignment, and he walked off from his work assignment and escaped from the prison reserve. That occurred on 24 July. He was recaptured on the same day by DCS staff, assisted by SAPOL, and returned to our custody on 25 July 2012.

At the time of the escape, he was serving a sentence of two years, nine months and 28 days, with a nonparole period of eight months and 29 days for aggravated serious criminal trespass, which was his most serious offence, and there were other property-related offences. He was eligible for parole on 9 May 2012 and released on parole on 7 March 2013. He was readmitted on parole breaches in April 2013. It was a low-security prison, where prisoners work on a farm. He was classified low-security and walked off from that site, and he was recaptured in the vicinity.

Mr VAN HOLST PELLEKAAN: Where is the prisoner now, minister or Mr Brown?

The Hon. M.F. O'BRIEN: I hope we know. We will have to take that one on notice. He is under our care and control.

Mr VAN HOLST PELLEKAAN: So you have got him, you just don't know where. Does that mean, though, that there is a possibility that he walked away, even for a very short period of time, from Cadell and might have actually been re-placed back at Cadell?

The Hon. M.F. O'BRIEN: We will take that question on notice. It is an operational issue. We can get that information.

Mr VAN HOLST PELLEKAAN: I appreciate that. I respect that it is not possible to have every detail, but I would have thought that the details about the one escape that you had that year would be top of mind.

The Hon. M.F. O'BRIEN: Hold on, I think we have it here.

Mr BROWN: Sorry, I missed the last line. The gentleman was readmitted to prison after being returned from parole on 12 April 2013 for breaching his parole conditions, and he is currently accommodated at Port Augusta Prison.

Mr VAN HOLST PELLEKAAN: Thank you very much.

Members interjecting:

Mr VAN HOLST PELLEKAAN: He was a constituent at Cadell as well, so he is fortunate to have stayed in the electorate.

The Hon. M.F. O'BRIEN: You might have a vote there. We will make sure he does not move come the state election.

Mr VAN HOLST PELLEKAAN: I refer to Budget Paper 4, Volume 1, page 139, high dependency unit. Can you please confirm that the cost of the new high dependency unit at Yatala is still \$3.45 million, as previously advised?

The Hon. M.F. O'BRIEN: There is a bit of detail in the answer and I will give it over to David Brown to answer.

Mr BROWN: The package 3 project for the Northfield improvement program includes a high dependency unit and a new health centre. The total cost for those two projects is \$12.55 million. The high dependency unit component of the program is costed at \$6.55 million. We had an additional \$3.5 million allocated from the 2012-13 budget for the high dependency unit, because we made a recommendation to government that we would get a better result if we built a new-build facility, while the original scope of the project was to try to redevelop some existing accommodation to facilitate the high dependency unit. The net benefit for us as an agency is that we get to purpose design and build the high dependency unit, which is a critical resource for the agency, but we also do not lose the capacity that exists in the area that we were going to redevelop.

Mr VAN HOLST PELLEKAAN: Thank you, Mr Brown. I refer to Budget Paper 4, Volume 1, page 138. Minister, can you please advise the operational costs to DCS of the Adelaide City Watch House in 2012-13 and the budget for the operation to DCS of the watch house for 2013-14?

The Hon. M.F. O'BRIEN: The cost was \$900,000. I am informed that there are no unders or overs and it is pretty well as budgeted.

Mr VAN HOLST PELLEKAAN: It was, or will be for the financial year we are just about to finish, \$900,000 and that is the budget for next year as well?

The Hon. M.F. O'BRIEN: That is my understanding, yes.

Mr VAN HOLST PELLEKAAN: What are the total FTEs allocated from DCS only, to work at the watch house and what is the associated wage cost?

The Hon. M.F. O'BRIEN: We will have to take that on notice.

The CHAIR: One final question.

Mr VAN HOLST PELLEKAAN: Can the minister please advise what the expenditure on overtime for FTEs in 2012-13 has been and has it increased or decreased from previous years?

The Hon. M.F. O'BRIEN: I will give you some historic information, if that helps. In 2009-10, overtime and call-back costs were \$4.398 million; 2010-11 those costs were \$5.8 million; 2011-12, \$7.881 million; and as at 18 June 2013, that is this month, costs incurred were \$6.789 million.

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

DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE, \$747,396,000

**ADMINISTERED ITEMS FOR THE DEPARTMENT OF PLANNING, TRANSPORT AND
INFRASTRUCTURE, \$14,790,000**

Membership:

Mr Whetstone substituted for Mr Pederick.

Ms Chapman substituted for Mr van Holst Pellekaan.

Witness:

Hon. M.F. O'Brien, Minister for Finance, Minister for Police, Minister for Correctional Services, Minister for Emergency Services, Minister for Road Safety.

Departmental Advisers:

Commissioner G. Burns, Commissioner of Police, South Australia Police.

Ms J. Holmes, Executive Director, Department of Planning, Transport and Infrastructure.

Ms P. Norman, Manager, Safer People, Department of Planning, Transport and Infrastructure.

Mr A. Milazzo, Deputy Chief Executive, Department of Planning, Transport and Infrastructure.

Mr B. Cagialis, Chief Finance Officer, Department of Planning, Transport and Infrastructure.

Mr D. Patriarca, Director, Business Services, South Australia Police.

The CHAIR: I declare the proposed payments open for examination. Minister, do you wish to make any opening remarks?

The Hon. M.F. O'BRIEN: No, I don't.

The CHAIR: Shadow minister, do you wish to make any opening remarks?

Ms CHAPMAN: Only to indicate how pleased I am to be back in your committee, Mr Chairman.

The CHAIR: We are very fortunate to have you back, very fortunate indeed.

Ms CHAPMAN: May I start on Budget Paper 3, page 22, minister, and I note that you have members of the senior executive of the department and also the Commissioner of Police. As I understand it—my office has been advised—this half an hour is only in relation to the road safety portion under DPTI and not under the police department.

I am very pleased to have the commissioner present, but I will not be asking any questions that relate to that, given the advice that I have had from your department. I am sure that forensic examination by the member for Stuart will attend to that. Budget Paper 3, page 22 states that in relation to the \$100 million provided by the Motor Accident Commission for road projects:

The remaining funds will be held in an account to be allocated against future initiatives following advice from an advisory group of government and community representatives on projects to be funded from this provision.

I have listened with interest, minister, this morning to your other committee appearances. My understanding in relation to the areas of responsibility as Minister for Finance, and therefore the Motor Accident Commission being accountable to you in that role, is that on a number of questions relating to the selection of the projects for the application of these funds you felt that was a matter for the Minister for Transport and Infrastructure.

I asked him those questions yesterday and, for the record, he said that they are questions for the Treasurer and the Minister for Finance, Minister for Road Safety. So, I will be addressing some questions to you about the selection of the current projects and the application of the future funds. My first question is: when does the government expect to receive this money, the \$100 million?

The Hon. M.F. O'BRIEN: I know that has yet to be determined. The formal protocol has yet to be worked out between the Motor Accident Commission and the state government, but those discussions are underway and it will be resolved fairly quickly.

Ms CHAPMAN: The payment then of the \$100 million, when that comes across when the paperwork is organised, is it proposed that that will be a direct gift across, or will that just be an investment or will it be repayable at a future date?

The Hon. M.F. O'BRIEN: I would probably not use the description 'gift' but rather than a dividend it will be treated as a contribution to a hypothecated road safety fund. My understanding is it is not going to be treated as a dividend.

Ms CHAPMAN: Right, so the advisory group that is referred to on page 22 that I just quoted, has that group been formed yet?

The Hon. M.F. O'BRIEN: No, I have been informed that discussions are still underway with the Motor Accident Commission as to who will be on the group.

Ms CHAPMAN: Has the government put any recommendation as to who should be on the group?

The Hon. M.F. O'BRIEN: No, those discussions are still underway. I would imagine that the composition of that particular body will be determined fairly soon.

Ms CHAPMAN: Is it to be a group comprising representatives from the Motor Accident Commission or from your department and/or Department of Planning, Transport and Infrastructure? I mention that because yesterday minister Koutsantonis did not know if Rod Hook was on it but he hoped he would be, so I will just put a plug in for that. Is it departmental people, a combination of the both, private sector, universities, Treasury officials and/or all of the above?

The Hon. M.F. O'BRIEN: It will be a mix. There will be senior government people but also people from organisations that have an interest, if you like, in road safety and have expertise that they can bring to the deliberations of the body, so it could be the University of Adelaide, CASR, the RAA.

Ms CHAPMAN: Okay.

The Hon. M.F. O'BRIEN: And the Motor Accident Commission.

Ms CHAPMAN: You mentioned about the money, when it does come across, being in a hypothecated fund, although the budget papers indicate that it is simply in the Department of Treasury. Is this going to be money that is under the control of the Treasurer or the Minister for Transport or you or someone else?

The Hon. M.F. O'BRIEN: It is currently held by the Treasurer when it comes over, and the ongoing arrangements have yet to be determined.

Ms CHAPMAN: When was the agreement reached, to your knowledge, and with whom, that the Motor Accident Commission would contribute \$100 million?

The Hon. M.F. O'BRIEN: I think minister Koutsantonis answered that correctly, that this is part of the budget setting process and is cabinet in confidence.

Ms CHAPMAN: I am not seeking to breach cabinet confidence, but we have heard from the Premier. He says, 'Look, there were funds available. It was surplus to requirements.' The Motor Accident Commission initiated a suggestion that they contribute towards important projects, obviously with a road safety element, etc, as they do for other expenditure in the year. So there must have been a time when they came to the government and said, 'Look, we think this is a great idea.' That is really all I am asking.

The Hon. M.F. O'BRIEN: Yes, there obviously was a time, but I cannot tell you.

Ms CHAPMAN: You do not know, or you feel you cannot tell me?

The Hon. M.F. O'BRIEN: I feel I cannot tell you because it is part of the overall budget setting process.

Ms CHAPMAN: Okay. The projects that have already been identified to be the beneficiary of the first \$52 million have been identified in the budget, and various announcements have been made on them. Some of those projects, like the APY lands and several others listed in the budget—in particular these are all listed from page 77 on of Budget Paper 6—

The Hon. S.W. Key interjecting:

Ms CHAPMAN: Not even a bit of that, sadly—had been the subject of funds under the cofunding arrangements with the federal government. For example, you will see at page 77 that the state's share of the project is funded with \$100 million provided by the Motor Accident Commission and then that there is reference to the fact that this is a joint state and commonwealth government funded initiative providing \$106 million over five years.

Mr GOLDSWORTHY: That's for the freeway.

Ms CHAPMAN: This is all part of the Nation Building 2 program. Of course, we had the announcement from the federal government that it was going to contribute to that. So \$21 million

out of this fund, which is the biggest slice of it, is going towards that. When had there been an agreement that that project would be funded out of this budget rather than out of general revenue?

The Hon. M.F. O'BRIEN: Again, that was within the context of the budget setting process, so it is cabinet in confidence.

Ms CHAPMAN: Of the \$52 million projects, that is those that have been specified already, had any or all of these projects been applied for under the Black Spot Program?

The Hon. M.F. O'BRIEN: No, they were not, because they were too large in their scope. I think there is a \$2 million limit on Black Spot. These were larger projects.

Ms CHAPMAN: Well, Magill Road/Glynburn Road is a \$2 million project.

The Hon. M.F. O'BRIEN: I think it is 2.5; it just fell outside.

Ms CHAPMAN: I beg your pardon, I think it was actually \$4 million over two years. There are just a couple of projects I would like to refer to, minister. Going back to the APY lands, minister Koutsantonis identified some reasons to apply the state contribution to this project on the basis of identifying its merit, including to service mining opportunities and to provide for the service vehicles that go in and out of the APY lands, and he referred to reduction of crashes. My question is: what is the number of crashes on this road at present per year?

The Hon. M.F. O'BRIEN: We will take that one on notice.

Ms CHAPMAN: Have you ever been briefed on the road safety difficulties on this particular APY lands road?

The Hon. M.F. O'BRIEN: I have been up there and I have driven on those roads.

Ms CHAPMAN: You weren't one of the crashes, I hope?

The Hon. M.F. O'BRIEN: No, but they are shocking, and one of the consequences is that the suspension on all of these vehicles that are purchased by Indigenous people up there has a very short life expectancy. It really does impact on the roadworthiness of these vehicles, and they are probably the most corrugated roads that I have ever seen.

Ms CHAPMAN: This proposal is for the main access road, and I have driven on it too, minister. It is a lot better than Kangaroo Island roads, so you might want to apply a bit of funding over there, or come to Stuart, as the member outlines. In any event, irrespective of it providing extra or less property damage or disrepair to the vehicles, I am looking for the road safety elements here that justify almost half of the money that is being allocated to this road. Apart from crashes, is there some other particular road safety aspect of this main road into the exploration fields that is important for road safety purposes?

The Hon. M.F. O'BRIEN: I think minister Koutsantonis probably dealt in some depth with the various factors that led us to make this decision.

Ms CHAPMAN: He did not actually make the decision. He actually did not appear to be consulted, when I asked him about it, but he indicated what he understood the position to be, and the only thing he mentioned on a road safety component were the crashes.

The Hon. M.F. O'BRIEN: We will take that on notice. We do not have those figures.

Ms CHAPMAN: If there is something else other than crashes—

The Hon. M.F. O'BRIEN: That is fine.

The Hon. S.W. KEY: This may be an allocation under the 2012-13 budget, minister, but, on behalf of the community and also the school community of Richmond Primary, I know that they want me to acknowledge that you have listened to the concerns that have been raised with you in your time as the road safety minister with regard to the school crossing on South Road and to thank you for putting the Richmond Primary School on the list for consideration for a safety camera by the end of this year. I would just like to publicly acknowledge the fact that not only have you listened but we are now on the list and we are very grateful.

The Hon. M.F. O'BRIEN: I appreciate that.

Ms CHAPMAN: Where are the other 10 going, minister?

The Hon. M.F. O'BRIEN: That is yet to be determined.

Ms CHAPMAN: There are 10 mid-block safety cameras to be approved in this budget—that is what I am referring to—and the member for Ashford has one. Have you decided where any of the others are going to go?

The Hon. M.F. O'BRIEN: Site selection will be determined by analysing the latest five-year crash data, and locations will be selected on a priority basis, so that is the methodology. Other factors taken into account are traffic volume, including the proportion of heavy vehicle traffic proximity to schools, and the information on the presence of speeding and red light running.

Ms CHAPMAN: What concerns me, minister, is that there may be a list of worthy threshold assessments you would introduce to make that assessment but you have not mentioned the task force.

The Hon. M.F. O'BRIEN: That would be provided to the task force to assist them in their deliberations.

Ms CHAPMAN: If and when it is ever set up.

The Hon. M.F. O'BRIEN: It will be set up. Proximity to schools, as the member for Ashford alluded to, is obviously a major factor.

Ms CHAPMAN: Are these going to be directions of things that are important and that the task force has to take into account before it makes a decision or a recommendation to you? Is that how it is going to work?

The Hon. M.F. O'BRIEN: I would imagine that in issues like this they will be in large part guided by the research, by the science, and then they will make their recommendations.

Ms CHAPMAN: It is just that if this new task force has representatives of organisations, they do their own research as well. I think what you are saying is that you would make available the information you have from the department.

The Hon. M.F. O'BRIEN: That's right, yes.

Ms CHAPMAN: That's good. You read this out as a list of criteria for selection of things that are going to be considered ultimately for you to make that decision. Is that what happens at the end?

The Hon. S.W. Key interjecting:

Ms CHAPMAN: Yes, that's what I am asking. Is it he, the minister, who will make the decision?

The Hon. M.F. O'BRIEN: We have yet to determine who will make the eventual sign-off on these projects.

Ms CHAPMAN: I will just correct something. I think I said 10 safety cameras in relation to the school ones, but it should not be 10, as it has not been specified, but there are 10 mid-block safety cameras also to be allocated under the new projects. Do I take it that they have the same process to go through before it is identified where they will be placed?

The Hon. M.F. O'BRIEN: It is the same.

Ms CHAPMAN: The same process, yes. If I could just go back to the current projects which have attracted approval. Were you the approving minister of the selection of these projects for the MAC money or was it somebody else in the government? If it was somebody else, were you consulted or was your department asked to give input?

The Hon. M.F. O'BRIEN: Again, these decisions were made within the context of setting the overall budget, so they are effectively cabinet in confidence.

Ms CHAPMAN: Of those that have been selected by whoever, for the purposes of the cabinet approving them, are any featured on priority lists for road safety reasons from your submissions?

The Hon. M.F. O'BRIEN: Yes. Just by way of example, one of those projects, the Britannia roundabout, apparently has the highest number of crashes of a non-signalised intersection.

Ms CHAPMAN: You and I have been in the parliament for 11 years, minister, and it has been the same the whole 11 years I have been here. One of your predecessors put forward a proposal, but it was cancelled and we have now got this one—there is nothing new about that. It

has had the highest level of crashes, the highest level of property damage, but not really a high level, necessarily, of personal injury.

On page 78 of Budget Paper 6, you will see that this project is identified, after which it states 'the estimated cost of \$3.2 million is held in contingency'. After that it says, 'This project is funded from the \$100 million provided by the Motor Accident Commission,' which is the same sentence on each of the projects that have attracted money from there. I have asked the Minister for Transport whether this is contingency money or motor accident money. It seems that, on the face of the announcement, it is to be motor accident money. So, what does that mean where it says 'The estimated cost of \$3.2 million is held in contingency'?

The Hon. M.F. O'BRIEN: 'Held in contingency' as part of the \$100 million.

Ms CHAPMAN: None of the other projects getting a share of the \$100 million is referred to in that way. It suggests, doesn't it, that that money is being held in contingency as an already pre-approved fund from another source, namely, the Department of Transport, because tacked on there is the last sentence, which goes on to say that all the ones that have been given the badge of approval is to come from the MAC money?

The Hon. M.F. O'BRIEN: I can read out the response that minister Koutsantonis gave. Do you want me to do that?

Ms CHAPMAN: Happy for you to do that, yes.

The Hon. M.F. O'BRIEN: The minister said:

I am advised that DPTI proposed this project as a road safety initiative and showed it to me when I visited the Traffic Management Centre in April—I went there on a visit. I have to say that I was very impressed at the time and I arranged for the same presentation to be made to cabinet. This happened in May. It was then agreed by cabinet that the project should be funded, if possible, and a contingency was set aside. Funding has now been confirmed, as announced by the Premier on 4 June.

The reality is that this is a great example of the Public Service at its very best. Young engineers, young traffic management specialists—and old ones—felt passionate about their solution to the Britannia roundabout, so they were very keen to showcase to me their solution. It is fair to say that I had heard about it in theory and, once I was shown the traffic flows and the engineering outcomes, the costs, time of construction—and I have to say that I think I asked some tough questions of the engineers about priorities, and to a person they all thought it was a very high priority—I then arranged for cabinet to be briefed and the project was included late in the budget.

Ms CHAPMAN: So, minister Koutsantonis is the hero. He identifies the problem, he has brought it to the cabinet—a great idea. Did he talk to you about that before he presented it to cabinet?

The Hon. M.F. O'BRIEN: He did, yes.

Ms CHAPMAN: And you thought it was a good idea?

The Hon. M.F. O'BRIEN: Yes. I think I 'out-hero'd' him on this because I think it was—

Ms CHAPMAN: You want to share the glory. Had your department, road safety, presented any submission to cabinet to have the Britannia roundabout fixed up?

The Hon. M.F. O'BRIEN: I was shown the courtesy of being shown the diagrams. I have travelled extensively on UK roads, and they have double roundabouts on virtually all their motorways. It is a traffic solution that works in high-volume situations. I thought it was a great proposition, probably one we should have settled on a decade or two ago. So, when it was shown to me, on the basis of having used these double roundabouts, and in some instances triple roundabouts, in the UK on some of their busiest motorways, I thought that it was a very workable proposition.

Ms CHAPMAN: Did your department put any submission to cabinet to ask that any of these projects that are in the \$52 million be put on the list?

The Hon. M.F. O'BRIEN: As I said, this was all part of the budget-setting process; it is cabinet in confidence. But I can mention the fact that I did get a briefing on the Britannia roundabout. I saw the inherent logic and was supportive.

The CHAIR: Any final question?

Ms CHAPMAN: Yes: if the taskforce, once they are brought together—are they only going to be involved in the selection of the projects for the last \$48 million, or are they going to be able to review the ones that the cabinet has picked out?

The Hon. M.F. O'BRIEN: Only the other \$48 million.

Ms CHAPMAN: Why is that?

The Hon. M.F. O'BRIEN: Because a decision has been made on the other \$52 million and included in the budget.

Ms CHAPMAN: What is the point in having a taskforce to make a decision on the balance but not having it be able to review the ones that the cabinet members, for whatever reason, thought were a great idea?

The Hon. M.F. O'BRIEN: I think we just want to get these projects dealt with as quickly as possible. The cost benefit analysis on road safety funding is 1:4 and I think on blackspots is 1:13 or 1:14. So, the payback is considerable.

Ms CHAPMAN: I am happy for you take it on notice, minister, but can you give me the cost benefit analysis of each of these projects that have already been identified in the \$52 million?

The Hon. M.F. O'BRIEN: We will take that on notice.

Ms CHAPMAN: Thank you.

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

[Sitting suspended from 15:31 to 15:45]

SOUTH AUSTRALIA POLICE, \$713,028,000

ADMINISTERED ITEMS FOR SOUTH AUSTRALIA POLICE, \$173,000

Membership:

Mr Pederick substituted for Mr Whetstone.

Mr van Holst Pellekaan substituted for Ms Chapman.

Witness:

Hon. M.F. O'Brien, Minister for Finance, Minister for Police, Minister for Correctional Services, Minister for Emergency Services, Minister for Road Safety.

Departmental Advisers:

Commissioner G. Burns, Commissioner of Police, South Australia Police.

Mr D. Patriarca, Director, Business Services, South Australia Police.

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

The CHAIR: I declare the proposed payments open for examination. Do you wish to make an opening statement, minister?

The Hon. M.F. O'BRIEN: No, I don't.

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

Mr VAN HOLST PELLEKAAN: Yes, thank you, Mr Chair. I will make a very brief opening statement and just acknowledge and put on the record my thanks to all SAPOL staff, sworn and unsworn, but especially those who work on the front line, and recognise the difficulties, and often dangers, that they face in their work.

Certainly, while the public overwhelmingly supports SAPOL and is grateful for the work that they do, I think it is very realistic to identify that there will probably always be, from the public's perception, some concern and some areas of niggling or disappointment. But I think it is also important to recognise that, from the police's perspective, there will probably always be some areas of concern or disappointment in some members of the public, as well. To recognise both of those facts is very important.

I would also like to say that, while police are the ones at the front line with a very important role with regard to community safety and crime prevention, it is actually the public that has an even larger responsibility than the police when it comes to public safety and crime prevention. I recognise the very important nature of that interrelated working relationship and thank the police for what they do on behalf of South Australians.

The CHAIR: Questions?

Mr VAN HOLST PELLEKAAN: Yes, sir, thank you very much. Minister, Budget Paper 4, Agency Statement 4, page 13: can the minister advise if the number of sworn police officers will increase or decrease in the 2012-13 year?

The Hon. M.F. O'BRIEN: In 2010-11, the state budget included funding for the election commitment of an additional 313 police. The additional 313 FTEs comprised a commitment of an extra 300 police officers and an extra 13 FTE police for the safer, faster and easier public transport initiative. Fifteen FTEs of the 300 are to be prioritised for the public transport initiative and are over and above the additional 13 FTE police funded for this initiative. Therefore, the total police resources allocated to the public transport initiative are 28 FTEs.

SAPOL has recruited 116 FTEs for the R300 and 13 FTEs for the public transport initiative by June 2012. As a result of the re-phasing approved by the government in the December 2011 Mid-Year Budget Review, the recruitment of the remaining 184 FTE police officers for R300 was re-profiled from four years to six years, as I will outline: no additional recruitment in 2012-13, 29 FTEs in 2013-14, 80 FTEs in 2014-15 and 75 FTEs in 2015-16.

There was no additional recruitment in 2012-13 in line with the re-profiling. SAPOL has redirected the recurrent budget for the recruitment of the remaining 184 additional police from the R300 initiative to meet its efficiency dividend savings target. Under 2013-14 state budget initiatives, additional resources have been provided to ensure that SAPOL is able to meet the government's commitment to recruit 313 additional police officers.

The timing to meet this commitment in full has been extended by two years to 2017-18. An additional 50 police officers will be recruited in 2013-14 and an additional 134 police officers will include 80 officers under a new initiative to enhance the recruitment of youth and culturally and linguistically diverse members of the South Australian community as recruits for SAPOL.

Mr VAN HOLST PELLEKAAN: Thank you, minister. I am aware of those commitments. The question was: will we have more or less sworn police officers in SAPOL at the end of this 2012-13 financial year than we did at the start?

The Hon. M.F. O'BRIEN: I will let the commissioner explain.

Cmmr BURNS: At the end of last year our actual FTE count on 30 June was 4,505.4. At the end of this year, 30 June 2013, the projection is 4,492.2. So, we will have less sworn police at the end of this financial year than last financial year. The reasons for that are that at the end of last year financial year I think we were 36 over in terms of our numbers through less attrition. At the end of this year we are estimating to be around 28 to 30 over, so there are less people above our FTE count. We have also civilianised a number of positions, and that accounts for the difference. For instance, we civilianised I think two positions in the legal area and made them solicitor positions.

Mr VAN HOLST PELLEKAAN: Thank you, commissioner. Those two key numbers that you provided essentially show a drop of 13. Is that right?

Cmmr BURNS: We have shown a drop of 13, and we are still about 28 above what our FTE should be at the end of this year.

Mr VAN HOLST PELLEKAAN: I do not doubt your genuineness in providing those numbers, but I need to explore them a bit further through either you or the minister, whichever the minister prefers. Can you explain that number of 13 a little bit further, given that, through 2012-13, estimated attrition is 135 sworn officers but only 64 officers have been recruited? That is a drop of 71.

The Hon. M.F. O'BRIEN: Just to lead you through it, I have a table here relating to recruitment target which I will refer to. The 2012-13 forecast shows attrition of 140; recruitment was zero; civilianisation was five; escorts, four; legal branch, one—which brought the total reduction to 135. The recruitment plan for 2012-13 shows police above establishment at 30 June, 36; cadets at 30 June, 76; cadet intake July-November, 40; short-course intake, four; lower inactives, 10; and then others rounding one. So the closing balance was 165, if that is illuminating.

Mr VAN HOLST PELLEKAAN: No, it does not explain how the first set of figures say there would be a drop from the start to the finish of the year of 13 officers and yet information received under FOIs as late as 1 June this month show a drop of 71.

The Hon. M.F. O'BRIEN: If I could just explain, if you look at those two figures, the total is basically the number that retired (or whatever) and the civilianisation was 135. The number that came in, if you like, was 165, so there is a 30 per cent variance to establishment. As the police commissioner explained, in part that is explained by the number of police above establishment at 30 June being 36. So there has been increase and, in part, that increase is explainable by the fact that we commenced the year being above the level that we ought to have been at; the number of people that left the police force was less than originally envisaged or budgeted for.

Mr VAN HOLST PELLEKAAN: Are you saying that because you started with more than you expected, but you finished with less than you started with, somehow that means you gained some? That does not make sense.

The Hon. M.F. O'BRIEN: Gary Burns, the commissioner.

Cmmr BURNS: If you look at 30 June 2012, we have 4,505.4 police, 24.8 community constables, and 76 recruits, which gave us a total of 4,606.2. If we go to the projection of 30 June 2013, we will have 4,492 police, 26 community constables and 49 cadets, which gives us a total of 4,567.2. So our number, being down from the previous financial year, is around about 39—I think it is, around about that.

Mr VAN HOLST PELLEKAAN: Yes, so it is 39, not 13?

Cmmr BURNS: It is mainly in the cadet area. The other thing is our budgeted or FTEs for 30 June, as I said, were around about 28 over, where we should be in terms of sworn police; we are one under in terms of community constables; but we are about 31 under when it comes to cadets. In terms of sworn work force which is out there on the road or doing sworn police operations, we are actually down from last year by that 13 that you pointed out.

Mr VAN HOLST PELLEKAAN: Thank you, commissioner. Referring to Budget Paper 4, Agency Statements Volume 4, page 13 again, minister, could you please confirm how many sworn police are not included in these FTE figures as a result of long service leave, unpaid maternity leave or other entitlements, excluding recreational leave? Has there been an increase in that group in the last 12 months?

The Hon. M.F. O'BRIEN: That number excludes inactives and we will have to take it on notice. We will obviously have to define a date because it fluctuates. I suppose we will endeavour to give you end of month for each month in the financial year.

Mr VAN HOLST PELLEKAAN: Thank you, minister. On the same budget line, minister, you stated in parliament on 20 June this year:

...the budget process allows for an increase in the number of police officers. So if there was a cap, the cap would no longer be in place because we have made allowance in the budget for additional recruitment.

Please advise what SAPOL's cap on FTEs is for sworn police officers in 2013-14.

The Hon. M.F. O'BRIEN: I will just go back to the previous question. As I said, we would have to select a date. The briefing has 31 March 2013. On that date the number of inactives was 93.7. Member for Stuart, could you repeat the current question?

Mr VAN HOLST PELLEKAAN: Yes, minister. You stated in parliament on 20 June this year:

...the budget process allows for an increase in the number of police officers. So if there was a cap, the cap would no longer be in place because we have made allowance in the budget for additional recruitment.

Can the minister advise what SAPOL's cap on FTEs for sworn police officers is for 2013-14?

The Hon. M.F. O'BRIEN: What we made provision for in the budget was an additional 50, when I said the cap. There has obviously been a revision in the cap. The workforce cap for 2013-14 is 5,812 FTEs, including the Commissioner. I don't know why he would be excluded.

Mr VAN HOLST PELLEKAAN: Sorry, minister. Does that include the 50?

The Hon. M.F. O'BRIEN: Compared to 5,764.7 for 2012-13, it is an increase of 47.3 FTEs. The net increase of 47.3 FTEs mainly reflects additional sworn resources of the 50 that are in the budget; additional unsworn resources for road safety initiatives; seven FTEs continuation of point-to-point, mid-block and pedestrian crossing safety camera initiatives; and additional

unsworn resources for the transfer of the credit card function from Shared Services SA to SAPOL, which is 0.3 FTEs, offset by adjustments to resources required for the shield investigating project of six FTEs and changes in domestic violence legislation of four FTEs.

Mr VAN HOLST PELLEKAAN: Does that FTE cap include the 179 vacancies that currently exist?

The Hon. M.F. O'BRIEN: The cap has no relevance or relation to vacancies. Some of those vacancies can be explained by a person moving from one function to another and the vacancy had to be backfilled: people on sick leave, promotions, long service leave and the like. So, no relation, no.

Mr VAN HOLST PELLEKAAN: That total cap figure that you provided before, what is the cap for sworn officers, which would be a subset of that number?

The Hon. M.F. O'BRIEN: I might pass this over to Commissioner Burns.

Cmmr BURNS: The FTE budget for sworn police for 30 June 2013 is 4,464.4, and the FTE—

Mr VAN HOLST PELLEKAAN: Sorry to interrupt, commissioner, but that 30 June of—

Cmmr BURNS: That is 2013.

Mr VAN HOLST PELLEKAAN: I am trying to get the cap for 2013-14.

Cmmr BURNS: The FTE projection, I have no cap in this document for 30 June 2014, but I do have an FTE projection for 30 June 2014, and that is 4,512.1. That is an increase from the projected of 30 June 2013—net 20 FTEs SAPOL, projected to be 30 FTEs above the budget at 30 June 2013.

Mr VAN HOLST PELLEKAAN: Commissioner, does that mean that there is no cap for the financial year we are about to start? I respect that you said you did not have it on the paper in front of you, but you did for the previous year, so would it be fair to read into that there is no cap?

Cmmr BURNS: I just do not have the figures in here. I have an overall FTE cap for the whole workforce, but it has not been broken down into sworn officers, non-sworn and cadets.

Mr VAN HOLST PELLEKAAN: Minister, would you take that on notice, please?

The Hon. M.F. O'BRIEN: Yes.

Mr VAN HOLST PELLEKAAN: Thank you very much. Moving to Budget Paper 6, can the minister confirm that the \$35 million in additional funding for police is all allocated to recruiting additional police?

The CHAIR: Do you have a page number for that?

Mr VAN HOLST PELLEKAAN: Page 86, Chair.

The Hon. M.F. O'BRIEN: It is all allocated to recruitment.

Mr VAN HOLST PELLEKAAN: So that will all go to increased officers?

The Hon. M.F. O'BRIEN: Yes, it will.

Mr VAN HOLST PELLEKAAN: Can the minister advise how many new sworn officers there are expected to be in each of the forward budget estimate years—2014-15, 2015-16, 2016-17?

The Hon. M.F. O'BRIEN: The total that I have been provided with gives the increase, so for 2013-14, there will be an additional 50; in 2014-15, an additional 20; in 2015-16, an additional 20—

Mr VAN HOLST PELLEKAAN: I was not asking for the increases. I was asking: considering attrition, considering the promised increases, etc., what is the expected number for each of those years?

The Hon. M.F. O'BRIEN: We would have to take that on notice. All we have is the additional funding and the years in which we will be recruiting additional police. The figure I have given you, I suppose, is based on the expectation that the base number will remain unchanged and there will be an additional 50 on top of the base number, then the following year an additional 20,

leading up to the year 2017-18 in which there will be an additional 313 police over what there were in 2011-12, which is the base year.

We will endeavour to provide additional information, but that is probably the best we are going to be able to provide in terms of just an assumption that things remain unchanged and we continue to add. As you are only too well aware, people taking long service leave, people being promoted and the like, and variances in the attrition rate tend to throw that out a little.

Mr VAN HOLST PELLEKAAN: I understand that it would be a difficult number to estimate accurately, but I am sure that your department or SAPOL would have a projection, so I would be grateful to get that, please.

The Hon. M.F. O'BRIEN: That is probably what I have provided, just working on the basis that things remain unchanged and we add and we add. You are going to have one given year where, for whatever reason, you get a larger number of individuals wanting to retire or do something else with their life. To recruit for that depletion cannot be done immediately, but we will try our best.

Mr VAN HOLST PELLEKAAN: Thanks, minister. I refer to Budget Paper 3, page 28. Minister, can you confirm whether SAPOL will achieve its savings targets in 2012-13?

The Hon. M.F. O'BRIEN: The commissioner has informed me that he expects to come in about \$5 million under budget.

Mr VAN HOLST PELLEKAAN: Will that \$5 million be carried over into next year? If it is \$5 million over this year, will it reduce next year's budget by \$5 million?

The Hon. M.F. O'BRIEN: Member for Stuart, there is a formal process whereby any agency wanting to carry over has to put a proposition to the Treasurer and the Treasurer makes a decision as to whether the carryover is to be permitted, so we really do not know. I have been informed that we do not seek to carry over operating surpluses, so that it will be returned to consolidated revenue.

Mr VAN HOLST PELLEKAAN: I might have misunderstood, but I thought this was an operating deficit.

The Hon. M.F. O'BRIEN: No.

Mr VAN HOLST PELLEKAAN: So you came in \$5 million under budget?

The Hon. M.F. O'BRIEN: Yes; under budget.

Mr VAN HOLST PELLEKAAN: That explains it. I thought it was \$5 million over budget.

The Hon. M.F. O'BRIEN: Hence my reference to the provision for carryover.

Mr VAN HOLST PELLEKAAN: Can you tell me how you achieved your savings targets for 2012-13? Where were the main savings found?

The Hon. M.F. O'BRIEN: The police commissioner puts it down to excellent management. I am sure that is—

Ms BEDFORD: Part of it.

The Hon. M.F. O'BRIEN: In large part, yes. But as for specifics

Mr VAN HOLST PELLEKAAN: Minister, just to help a bit, I think your savings target was about \$19 million and you have come in \$5 million better than that, apparently, so \$24 million has been saved. It is a big chunk of money, and I am keen to find out where the savings were found.

The Hon. M.F. O'BRIEN: Member for Stuart, I will ask Denis Patriarca to answer that. He is the Director, Business Services, SAPOL.

Mr PATRIARCA: Our incremental savings targets for 2012-13 are \$2.9 million, so that was the efficiency dividend. The number you referred to would include previous savings targets, and that would be reflected in the Sustainable Budget Commission, and a number of other initiatives, but they have been delivered, so we will only talk about those targets related to the efficiency dividend for the 2012-13 fiscal year.

The range of initiatives we have included graduate development savings of \$133,000. We redirected some of the R300 funds through internal efficiencies to the value of \$497,000. For workers comp redemptions we hold positions to fund the redemption, and holding vacancies was

about \$105,000. We have rephased the vacancy level for community constables, and that is about \$255,000. We implemented some operational efficiencies in operation support crime service to the value of about \$400,000; and they were largely the savings that we achieved.

Mr VAN HOLST PELLEKAAN: Thank you, Mr Patriarca. It sounds like pretty much all in staffing, officers, FTE-type areas. Was there any equipment, capital, or anything like that, or was it essentially less or smarter use of people?

Mr PATRIARCA: No; the operations support and crime services was largely in operating equipment and operational efficiencies in that space.

Mr VAN HOLST PELLEKAAN: Same page, minister. Can you confirm whether SAPOL is still required to find \$150 million of savings as per the Mid-Year Budget Review and, if so, what savings targets you would allocate per year?

The Hon. M.F. O'BRIEN: There is a certain complexity to the answer, so I will again pass it over to Denis.

Mr PATRIARCA: The number you referred to in terms of the \$152 million was reported to the Budget and Finance Committee, and that is over a different four-cycle from what is in the papers today. If we look at the savings measure for 2013-14 for the four-year period out to 2016-17, our efficiency dividend is \$96.7 million, which we have to deliver on.

Mr VAN HOLST PELLEKAAN: The \$152.7 million, I think, that we are talking about, I agree is from the 2012-13 year up to the 2015-16 year. I am sure that you can tell me how much that was already saved or just about to be saved by the end of the 2012-13 year, and then I would like to know what the balance is. If you are saying that there is only \$96 million left that you have to provide in the last three of those four years up to 2015-16, can you tell me what that is made up of, please?

The Hon. M.F. O'BRIEN: Up to 2016-17.

Mr VAN HOLST PELLEKAAN: Okay.

Mr PATRIARCA: If you were to compare the \$150 million, in terms of the savings targets for the first three years it was \$59.5 million, and then if you add on 2016-17, that is another \$37.2 million. If I take you back to the \$152 million, the targets were \$19.3 million in 2012-13, \$31.8 million in 2013-14, \$44.5 million in 2014-15, and \$57.1 million in 2015-16—but that included, as I said, cost pressures, Sustainable Budget Commission initiatives and other past adjustments.

If you break that down, there is \$27.3 million in efficiency dividends up to 2012-13, there were cost pressures of \$35.7 million over those five years, and the Sustainable Budget Commission and whole-of-government initiatives were about \$30.2 million over the four years.

Mr VAN HOLST PELLEKAAN: Over which four years was that last number?

Mr PATRIARCA: That is the 2012-13 to 2015-16. I was trying to deal with \$152 million.

Mr VAN HOLST PELLEKAAN: I understand.

Mr PATRIARCA: If you look at the efficiency dividend and want to relate to the \$96 million, the best way to do it would be for the remaining three years—so, excluding 2012-13—the efficiency dividend totals \$59.5 million, you add 2016-17, which is \$37.2 million, and it gets you \$96 million.

Mr VAN HOLST PELLEKAAN: Thank you. I refer to the same page, minister. Please advise whether the government has agreed to pay any measures to achieve SAPOL's savings target over the forward estimates? Have you settled on specific ways or specific projects or targets? Where are the savings going to be found?

The Hon. M.F. O'BRIEN: I will just give you a flavour because it is reasonably comprehensive. It is made up of lower fleet costs, with reduction in fleet based on lower utilisation of vehicles (that is, running the fleet more efficiently); the vehicle mix, with replacement of 166 Camry motor vehicles with Holden Cruze.

Other changes include extending kilometres on lease and reductions in overtime, where it is deemed that they will have no impact on operational efficiency. There will be changes to the frequency of *Blueprint* magazines; efficiencies with electricity; not proceeding with the StarChase equipment; and several other initiatives. So, you can see they are largely the utilisation of things like vehicles, better management of electricity usage and that type of thing.

Mr VAN HOLST PELLEKAAN: Minister, can you confirm that the savings targets that you have just talked about and the recruitment targets will both be achieved over the forward estimates period? You have planned for both of them?

The Hon. M.F. O'BRIEN: I have received no advice to the contrary.

Mr VAN HOLST PELLEKAAN: Well, your top three advisers are sitting right next to you.

Cmmr BURNS: Can I answer that?

The Hon. M.F. O'BRIEN: Yes; Commissioner Burns.

Cmmr BURNS: Our aim always has been that we will always come in within budget, so we will meet the savings target. Also, our clear aim is to recruit the number of police that we are entitled to so, with the additional police coming online over those years, we will have a recruitment strategy to recruit those numbers.

The intent will always be there: we want the extra police, so we will be really striving to get those additional recruits. We will not be going back to the United Kingdom, so they will be local recruits, which adds some difficulty, but at the same time we have a recruitment strategy in place to achieve that. I will just reiterate that when it comes to budget I do not think we have ever come in over budget, and we have no intention of doing it into the future.

Mr VAN HOLST PELLEKAAN: Okay, so the savings targets and the increased recruitment will both be achieved?

Cmmr BURNS: The aim is to achieve them both.

Mr VAN HOLST PELLEKAAN: I do not doubt for a second that that is the aim; I know it would be, very, very genuine. I am just—

Cmmr BURNS: There are a lot of variables going into the future but, as I said, that is the aim, and I am in the high 90 per cents confident of achieving them both.

Mr VAN HOLST PELLEKAAN: Okay; thank you, commissioner. Minister, we have a very tight budget situation that we have got, and we have been talking about it now through quite a few questions—high 90 per cent level of confidence with regard to achieving the recruitment levels and also the savings targets.

It is a tight world, and I respect that; the world you are working in has variables that you will not be able to predict, and we all accept that as something that needs to be worked around day by day, basically. Minister, can you confirm that the \$303,000 in funding for the Community Safety Directorate allocated from SAPOL is in this year's budget?

The Hon. M.F. O'BRIEN: SAPOL provides \$244,000 of that amount.

Mr VAN HOLST PELLEKAAN: Minister, I believe when you add on all the additional costs which go with that position, it comes up to \$303,000.

The Hon. M.F. O'BRIEN: Yes, and that balance would probably, in part, be supplied by DSIC and I think—

Mr VAN HOLST PELLEKAAN: Sorry, supplied by whom?

The Hon. M.F. O'BRIEN: The Department for Communities and Social Inclusion, I think it is.

Mr VAN HOLST PELLEKAAN: But, as I understand it, this is just for Mr Harrison's secondment costs, essentially—what I understand SAPOL is directly responsible for to go towards the Community Safety Directorate.

The Hon. M.F. O'BRIEN: That is what I have been informed. That is the contribution from SAPOL and, if there is a difference, it is made up by other agencies.

Mr VAN HOLST PELLEKAAN: So it is a 244 cap then per year from SAPOL to that Community Safety Directorate project. Minister, it is no secret that there has been a great deal of discussion about that issue. The commissioner said publicly through the media and also under oath to the Budget and Finance Committee that he did not, at the time, see value in that position and did not want to contribute to it.

You have also said to the media that, while he held that position and opinion until extremely recently, you spoke to him just a few days ago and you convinced him to come around.

Can you explain to us, please, exactly what value you see in the Community Safety Directorate and how you managed to convince the commissioner to come around to contributing that very significant chunk of money to the Community Safety Directorate, which, while no doubt is going to a very capable person, no doubt could also have been used in many other very useful, very important ways in SAPOL?

The Hon. M.F. O'BRIEN: In terms of convincing the commissioner within the last couple of days, that is not correct. Not long after I became police minister, during a discussion regarding the Community Safety Directorate, Commissioner Burns indicated to me that, if directed to continue the arrangements of SAPOL making a contribution towards Mr Harrison's salary, he would do so, but his strong preference was not—

Mr VAN HOLST PELLEKAAN: Did you direct him, minister?

The Hon. M.F. O'BRIEN: No, I didn't.

Mr VAN HOLST PELLEKAAN: So his strong preference was not to unless directed. You are saying you did not direct him. What happened?

The Hon. M.F. O'BRIEN: I suppose over the last six or seven weeks Commissioner Burns has been overseas, then he returned and I was out of the state, so I think this is—other than a meeting probably yesterday—the first time that we have had a face-to-face in seven or eight weeks. I was not in any way, shape or form involved in the decision to continue to fund that position. It was made while there was an acting minister performing my role as Minister for Police.

As I said, Commissioner Burns indicated to me some time back that it was not his preference, but if directed, he would continue to fund it. My understanding is that in late May, following informal discussions with my office and not with me on the future of this arrangement, SAPOL indicated that they would prefer to use part of their unspent budget allocation for the 2012-13 year to fund any future contribution. My office undertook to seek Treasury views on this.

Following this, further discussions took place between SAPOL, the finance branch and Treasury. The result of these discussions was communicated to my office earlier this month while I was overseas. After the commissioner's appearance before the Select Committee on Community Safety, a request was made to SAPOL to provide a minute formally seeking a carryover of unspent funds into the 2012-13 year. This was signed by the acting police minister, and the carryover has now been approved by the Treasurer.

Mr VAN HOLST PELLEKAAN: Minister, you have said that the commissioner was very clear that he had a strong preference not to fund it unless specifically directed to. You have said that you did not do that and you were overseas, and I believe both of you. The only conclusion I can draw is that somebody else, probably the acting minister in your absence, directed him to. Is that the case?

The Hon. M.F. O'BRIEN: Probably 'direct' is too strong a word. Commissioner Burns indicated to me very early in the piece, shortly after I became minister, that he did not wish to continue to fund the position past the end of this financial year. That was a wish. Discussions obviously occurred between Treasury and Finance and SAPOL, and it was indicated that it was desired that the position be funded for an additional 12 months while we took on board the recommendations—

Mr VAN HOLST PELLEKAAN: So he was directed by Treasury?

The Hon. M.F. O'BRIEN: —of the Holloway review and my consideration of several position papers prepared by the chiefs of the emergency service operations. I am waiting on one from—

Mr VAN HOLST PELLEKAAN: Excuse me, minister, I believe you. The commissioner said he does not want to spend the money, but he will if he is directed. You are telling me that you did not direct him. I believe both of you. Could you turn to your left, please, and ask the commissioner who directed him?

Cmmr BURNS: I had always made it clear that whilst I was prepared to fund the first year because it seemed that it was an idea worth progressing if it was going to add safety to the community of South Australia, I was not prepared to provide funding for the following financial year. I made that point clear all the way through. I had discussions with the minister's office. They were very informal discussions; they were more like a sounding out about what may happen next year with the Community Safety Directorate.

I made it clear that I would not supply the money from the coming financial year but that we were in a position where we had a surplus of about \$5 million that would go back to Treasury that has no impact on SAPOL at all once it goes back to Treasury. If the minister's office could take it up with Treasury and get the \$244,000 from the hand-back, which has no impact on SAPOL, in my view they could have the money from there.

Subsequently, the minister's office made that contact with Treasury, and that is how the funding has been provided. In effect, all funding has been taken out of this financial year's budget and has had no impact on SAPOL because we have actually handed a surplus back.

The ACTING CHAIR (Mr Odenwalder): Can I remind you that questions should be directed to the minister, and you cannot direct the minister to defer to an adviser; that is his prerogative.

Mr VAN HOLST PELLEKAAN: You are quite right, Mr Acting Chair; I just asked him if he would.

The ACTING CHAIR (Mr Odenwalder): No, you directed him.

Mr VAN HOLST PELLEKAAN: I said, 'Would you please.' I think *Hansard* will show I was quite respectful, and I appreciate that he did.

The ACTING CHAIR (Mr Odenwalder): You made the request. The minister is under no obligation to meet that request.

Mr VAN HOLST PELLEKAAN: Agreed.

The Hon. M.F. O'BRIEN: Just be a little more obsequious with further requests.

Mr VAN HOLST PELLEKAAN: Okay. Again, I take both of you at your word, and I know that the two of you are both people with integrity, so I am not doubting that for a second, but I want to get to the bottom of this, and it is my job as a shadow minister to do so. You told me before that it was not possible to hold onto any savings—the \$5 million of savings that were accrued or about to be accrued at the conclusion of the financial year that is nearly finished—that it was a very difficult process and that any agency or department has to go and ask Treasury if it is possible to keep that money.

Presumably that is not what happened—the \$300,000 or the \$244,000 is not part of the \$5 million that was saved. You have also told me that all of the \$35 million extra that you have this year is going to recruit new officers, so it was none of that money either. I would like to know where this money is coming from, please.

The Hon. M.F. O'BRIEN: I think the police commissioner gave a very easily understood answer. There was a surplus, if you like, or a residual of \$5 million of unspent money, which automatically goes back to Treasury. We have heard that SAPOL does not apply for carryovers, and the \$200,000 odd was taken from that half million.

Mr VAN HOLST PELLEKAAN: So the process of asking to carry over surpluses is very strict unless a quick deal is sorted out; is that essentially what is going on?

The Hon. M.F. O'BRIEN: I think what happened was that the half million was to go back at the end of the financial year, and that is SAPOL policy. They basically do not go out and spend like crazy in the last month of the financial year to mop up surplus, which I think is sound financial management.

They have calculated that the surplus is going to be around \$5 million. Treasury were informed of that figure in discussions and indicated that, if continued funding was sought for the Commissioner of Community Safety Directorate, that could be found within the \$5 million. As Commissioner Burns said, there is great reluctance to take it out of the budget for the coming financial year. Obviously, there was a discussion, but ultimately it was Treasury's call as to what they did with the \$5 million.

Mr VAN HOLST PELLEKAAN: Commissioner Burns stood his ground, you were out of the country, and Treasury said, 'Well, if you're not going to fund it, here is a bit of extra money from us to do so'.

The Hon. M.F. O'BRIEN: Not back to SAPOL, yes.

Mr VAN HOLST PELLEKAAN: 'Here is some money to SAPOL to hand on to the Community Safety Directorate.'

The Hon. M.F. O'BRIEN: Yes, that's it.

Mr VAN HOLST PELLEKAAN: I now turn to Budget Paper 3, page 31. Can the minister confirm what financial years the government planned to achieve the \$47 million in savings as a result of delaying police recruitment by two years, and does this figure subtract from the \$150 million required? I think Mr Patriarca partly answered the second part of that question before, but when is the \$47 million to be saved?

The Hon. M.F. O'BRIEN: I will defer to Mr Patriarca on this; given the fact that he has partly answered it, he can completely answer it. Could you give us a reference?

Mr VAN HOLST PELLEKAAN: Yes, Budget Paper 3, page 31, about two-thirds or three-quarters of the way down the list, titled 'Full-time equivalent impacts of new initiatives', there is a footnote (a). That is the information that led to the question.

The Hon. M.F. O'BRIEN: I think in preparing this question there has been a mistake made. The numbers there do not refer to \$47 million but 47 FTEs. We are a little perplexed as to where the figure of \$47 million came from.

Mr VAN HOLST PELLEKAAN: You are correct. Yes, minister, thank you. Referring to Budget Paper 3, page 28, can the minister confirm that in addition to its savings target SAPOL must find an additional \$250,000 in savings each year in labour contractor costs from 2013-14 onwards?

The Hon. M.F. O'BRIEN: That is correct.

Mr VAN HOLST PELLEKAAN: How will these savings be achieved?

The Hon. M.F. O'BRIEN: As part of the strategy that I spoke about before.

Mr VAN HOLST PELLEKAAN: So the strategy you spoke about before was fleet savings, lower utilisation of fleet, extending kilometres, swapping Commodores to Cruzes, less overtime, less frequent delivery of a magazine and some electricity savings. How do they relate to quarter of a million dollars less per year spent on contractors?

The Hon. M.F. O'BRIEN: I will give that answer over to Commissioner Burns.

Cmmr BURNS: Apart from those strategies, there are other strategies in there where we are looking at agency staffing as well. We go through and look at what contractors we may have, consultants we no longer need. We also look at our non-sworn workforce to see whether we can make reductions in those. Part of our savings will also be the redirection of Recruit 300 funding because we get the additional money for the additional police coming in under a new initiative.

Mr VAN HOLST PELLEKAAN: Commissioner, if the minister is happy for you to answer this question, it is particularly about savings in labour contractor costs. It is unclear to me. How do the issues with the 300, etc. affect contractors?

Cmmr BURNS: My analogy would be that we put it all into a big bucket. Whether we have CPI savings, budget efficiency savings or contractor savings or whatever, they are still savings we have to find. We look at a whole range of initiatives for how we do that. Traditionally, we do not have large numbers of contractors or consultants. As I said, we will be looking for strategies that the minister provides and those additions I provide each year to meet anything we have to do in savings, whether it is CPI or the budget efficiency savings.

Mr VAN HOLST PELLEKAAN: So the quarter of a million dollars a year for contractor savings does not necessarily have to come out of contractors, it could come out of another area in the bucket.

Cmmr BURNS: That's right. Denis will add some more detail.

Mr PATRIARCA: Specifically in the 2013-14 budget, we have actually targeted agency staffing, so that is temporary relief staff. We have a 20 per cent efficiency target which, over four years, is worth \$380,000. Then, as the commissioner said, we would look at other labour employment contracting outside of agency temp staffing to achieve the \$250,000.

Mr VAN HOLST PELLEKAAN: It is earmarked for saving in contractors but as long as it comes from somewhere it is okay. Thank you. I refer to Budget Paper 4, Volume 4, page 27. This is in regard to expiation notices. Given that the activity indicators expect very little change regarding expiation notices for speeding, what area does the government expect that a \$22 million increase in expiation fees from 2012-13 to 2013-14 will come from?

The Hon. M.F. O'BRIEN: Increasing the number of cameras.

Mr VAN HOLST PELLEKAAN: Are you talking about the 20 fixed cameras?

The Hon. M.F. O'BRIEN: The 20 fixed, and I know that there are cameras to be installed on the South Eastern Freeway. I think they are going to be commissioned in the near future. I think they were initially intended to deal with heavy vehicles but now have been expanded to deal with light as well as heavy.

Mr VAN HOLST PELLEKAAN: I am not an expert in this area, but it seems to me that if there is no increase in the activity indicator essentially, it cannot really be tied up with mobile speed detection devices, so does that mean that the whole increase in \$22 million is going to come from the 20 expected fixed cameras?

The Hon. M.F. O'BRIEN: We will take that on notice, but my understanding is that by and large that increase is due to an increase in the number of fixed cameras. That is where the major effort is being made and there are a number of cameras—it might be three—on the South Eastern Freeway that come into operation fairly soon. That is a very busy stretch of road.

Mr VAN HOLST PELLEKAAN: Given that the expected income has jumped by \$22 million, it is interesting to look back on the last few years and see that the actual income compared to budgeted income has always been about \$20 million less. For the last few years there has been about \$20 million less than budget per year achieved. Again, this year the budget is going to go up by \$20 million compared to last year. Does that mean that essentially it really is going to be attributed to the new equipment that is arriving and is yet to be installed?

The Hon. M.F. O'BRIEN: That is my understanding and I think the variances, the unders on revenue, are really as a result of improved driver behaviour, which is the desired outcome from the employment of this particular technology. We have areas within the state where we know that drivers still continue not to do the right thing. These cameras will be strategically placed, and I think there is an expectation over time that they will become less a contributor to camera revenue than they were in their first year or two of operation. It is correct that in the first year at least we do expect that increase.

Mr VAN HOLST PELLEKAAN: The number of mobile speed detection hours has jumped by 10,000 in the last year, from 2011-12 to 2012-13. Did you have a corresponding increase in fine income?

The Hon. M.F. O'BRIEN: There has been an increase in hours for mobile detection but there has been a reduction in volume expiated. In 2011-12, the volume expiated was 70,091. Obviously we do not have final year-to-date, but as at 31 May—which means we only have the figure for the month that we are in to add—there were 45,792. There were 45,792 for 11 months as compared to the previous year, a full 12 months, when there were 70,091. There has been a very significant drop in the number of expiations, even though we have increased the number of hours devoted to operating our mobile speed cameras. I think that is a reflection of a significant improvement in driver behaviour.

Mr VAN HOLST PELLEKAAN: Which we would all applaud, if that is the answer. Given that the figures in the budget relate to expiations issued for traffic offences, within that, can you please tell me the total of speeding fines issued in 2011-12 and estimated for 2012-13?

The Hon. M.F. O'BRIEN: We will have to take that on notice. The figures that I have just give a gross figure for mobile speed cameras and fixed cameras, but in a large number of instances, it could be running red lights as opposed to speeding.

Mr VAN HOLST PELLEKAAN: It is that figure for speeding fines that I am after.

The Hon. M.F. O'BRIEN: Yes, and we cannot give that to you. We will take it on notice because the figure that we have is a gross figure for fixed cameras, which includes running red lights.

Mr VAN HOLST PELLEKAAN: Minister, you have commented a couple of times now about better behaviour, and we would hope that increased effort but a lower number of fines means better behaviour, and you have some more fixed speed detection devices coming. Does that mean SAPOL will start to put less time, effort and resources into mobile speed detection?

The Hon. M.F. O'BRIEN: That is an operational issue and I will pass it over to Commissioner Burns.

Cmmr BURNS: No; there are a number of aspects to policing. As I said, all our efforts in terms of policing from a SAPOL perspective are about lowering the road toll, so we will still be maintaining a significant contribution in terms of managing the fixed cameras and deploying mobile cameras, plus our patrols will go out and do laser duties as well. We still expect them to contribute to that type of policing. There is no intention, because there is an increased number of fixed cameras, to reduce our commitment to having mobile cameras and police out on the roads policing.

Mr VAN HOLST PELLEKAAN: The presence, essentially, will continue to be there, or grow, as a deterrent.

Cmmr BURNS: I think it is absolutely important that there is an enforcement imperative. The academic studies show that enforcement is one of the key contributors to driving down a road toll, so whilst fixed cameras have a certain role to play, I think a large role to play is the mobile cameras and general duties police and specialist traffic police on top of that.

Mr VAN HOLST PELLEKAAN: Budget Paper 4, Volume 4, page 27—the same one: can the minister please explain why the number of fines and expiation notices reversed as a result of clerical errors has increased from 4,483 in 2011-12 to 5,561 for the current financial year up to 18 April?

The Hon. M.F. O'BRIEN: Member for Stuart, can we have that page reference again?

Mr VAN HOLST PELLEKAAN: Yes; Budget Paper 4, Statement 4, page 27. It refers to expiation notices, fines and income. The question is about reversal of expiation notices.

The Hon. M.F. O'BRIEN: Where on that page? There is a table at the top, and we cannot see a reference in it.

Mr VAN HOLST PELLEKAAN: About halfway down there is a line that says 'number of expiation notices issued for traffic offences'.

The Hon. M.F. O'BRIEN: We have got estimated and, not applicable for protections, we have got estimated and actual.

Mr VAN HOLST PELLEKAAN: Yes; I am just asking about the impact on the actual, but it relates to the estimated as well, as a result of reversed expiation notices.

The Hon. M.F. O'BRIEN: We will take that one on notice. We do not have those figures.

Mr VAN HOLST PELLEKAAN: I will ask another question to be taken on notice that goes with that. Of the reversals due to clerical errors, how many were picked up by SAPOL internally and how many of them were as a result of queries from the recipient of the expiation notice?

The Hon. M.F. O'BRIEN: I will push that one across to Mr Patriarca.

Mr PATRIARCA: In relation to clerical errors for expiation notices, this would be where a police officer on the side of the road enters material and has made a clerical error, which could be as simple as not having the correct fine—the dollar value or adding up the dollar values—on the form. They are called clerical errors. Those notices are withdrawn by SAPOL and then they are reissued, and another hand-written ticket would be issued. Where it refers to a clerical error, it is a human error by one of our officers. We withdraw them and re-issue them.

Mr VAN HOLST PELLEKAAN: And detected internally before being sent out to the recipient?

Mr PATRIARCA: I cannot say 100 per cent, because it is a human system, but where we refer to 'withdrawn for clerical errors' is where our system has picked them up. There is a requirement for supervisors to vet hand-written notices, and then we obviously check them when we process them through the expiation notice processing system. They are picked up at that time and reissued; it would be withdrawn and a fresh notice issued.

Mr VAN HOLST PELLEKAAN: Thank you, Mr Patriarca; a supplementary if the minister is happy for you to answer it. Can you explain why there has been such a big increase in those errors this year compared to last year?

Mr PATRIARCA: I am not sure there has been a big increase in those clerical errors. I do not have the numbers in front of me. It happens when there is a change in the value of the expiation fine. You usually find that people use the old numbers instead of new numbers or, if there

is an introduction to a new offence code for a new law, then sometimes they do not get that right, but I could not tell you why there has been an increase.

Mr VAN HOLST PELLEKAAN: The numbers I have got are from about 4,500 last year to about 5,500 this year. Are you saying that the majority of errors come from changes, essentially? When there is a change in fine or a potential offence to choose from that is when more human errors occur? These are my words, and I am not trying to put words into your mouth, but potentially a significant increase in those errors could relate to a significant increase in changes?

Mr PATRIARCA: Yes; another example would be that we recently introduced on the expiation notice the requirement to record the speed analyser device being deployed so that we can demonstrate that there is adequate calibration of the device. If that information is not on there, then we withdraw it and it is reissued when they put the details of the calibration device on there, so that the person who is receiving the notice has a very clear understanding of the device that is being deployed and that it has been certified for use.

Mr VAN HOLST PELLEKAAN: Thank you very much, Mr Patriarca. Still on the same page, can you confirm, minister, whether you, the government or SAPOL has estimated how many additional expiation notices they expect to be reversed as a result of publishing speed and red light camera photos online?

The Hon. M.F. O'BRIEN: I will pass this one across to Commissioner Burns.

Cmmr BURNS: The reason we have put speed and red light cameras online is to give people access immediately to the photographs so that they can review them. I will have to get the number (and I am sure Denis will find it for me), but we already send out a large number of photos by email. So, people are requesting photos, and they are emailed to them. So, we expect that there will be some savings in labour by doing that.

We do expect that there may be some challenges. Over the last two days, just on a basic monitoring, we have had, I think, 1,000 photos accessed and two have been challenged and were, I think, withdrawn as a result. It is going to be very low. We think that it will be a major benefit to us in terms of reducing the impact on staff workload. We have found, I think, that calls to the call centre have dropped to around 30 as a result.

I will give you some examples over a few days, and this is the online access statistics in the first week. On Monday 17th, we had nine email requests and post requests for 161, and then it goes on to Tuesday. We have found that, in terms of email requests, they range from nine down to as low as two and up to 12 over a two-week period.

In terms of web access, we have had 2,360 web accesses over the period 24 June to 27 June, and in that time there were two issue errors identified. One was a wrong registration number recorded and one was a wrong lane detected, and we have withdrawn both of those. The call centre operators, because they have generally been taking the phone calls coming in, have indicated a greater level of satisfaction and less indication on behalf of callers to write into us, so we think there will be labour savings for us as well.

Mr VAN HOLST PELLEKAAN: Thank you, commissioner. So, it is a streamlining of your operation, and you do not expect to have more reversals?

Cmmr BURNS: The main reason we put it up was for the public and to try to take out some of the negativity that is being portrayed in the media and by some politicians about speed and red light cameras and the impression that SAPOL actually tries to hide these type of things. We worked on this solution for some months, and it came in at a cost of about \$100,000.

The main thing was that visibility for the public, but I think that we will get some good back-end benefits from it as well, which will suit us in terms of call centre operators not having to answer the phone as much, fewer printed photographs going out and fewer emails having to be made. So, we will get some benefits.

Mr VAN HOLST PELLEKAAN: I think that Western Australia, Victoria and New South Wales have the same system, so have they had the same experience?

Cmmr BURNS: I haven't got the details on that. I am not sure of the quality of the photographs they put out, but our system, being a more recent system, has very high quality digital photos.

Mr VAN HOLST PELLEKAAN: Thank you, commissioner. I refer to page 13. Minister, can you explain why nine out of the 14 employees in the SAPOL media department are sworn officers?

The Hon. M.F. O'BRIEN: I will give that over to the commissioner, but I will make the point that there has been what you would probably describe as a culture within SAPOL of filling positions with sworn officers. There is now consideration being given to moving away from the outcome of that long-term culture. One area that is being looked at is the area of police prosecutions. Rather than sworn police officers doing that we are now considering bringing law graduates into SAPOL. I think it is going to be something that will require a change to the culture within SAPOL. I will pass over to the commissioner to address that specifically.

Cmmr BURNS: I think this needs some explanation because you referred to it as the media department.

Mr VAN HOLST PELLEKAAN: Yes.

Cmmr BURNS: We are not talking about a media department, we are talking about media and public engagement, and it is the public engagement that we are really concentrating on. The media we have serviced for as long as I know and they have been sworn police officers. A lot of the reason for the sworn police officers is because they will be out on the scene with other police, they understand policing, they understand media requests coming in and what can be released and what cannot be. For instance, things might be sub judice. Things may go out that we want to say 'a man' and not describe it as 'an individual' from a certain location. So, there are all those things that have a legal side around it.

We have recently built it to 14. There are three additional people. One was a police officer and two were civilians. What I would like to say is that we are providing information 24/7 to the community and we need to be accurate. There are major benefits for us in public engagement. This is an area that I think has been overlooked by the media, particularly in the publishing of some stories in recent times. To give you an example, we link with 500,000 individuals on a weekly basis through our social media sites. We are on Facebook, Twitter, YouTube and we have now expanded to local web pages.

So, if you are a local person in any of the local service areas, or if you are interested in traffic or transit, you can subscribe to those sites and you will get up-to-date information coming in about your local service area, crime in your area and where you can help us. You can have a dialogue with your police officers and you can convey to them what concerns you in terms of policing and issues in your area that impact on policing and your own safety.

You cannot run public forums all the time, but we will continue to run those. We get 30 to 80 people at some of these public forums to express their concerns, but we have a huge reach through the social media and public engagement area. To give you an example of the benefits, we can provide emergency safety information. We can call for the public's help to solve crimes, locate missing persons, alert the public to significant arrests, advise of actions during emergencies, proactively raise awareness of police operations and community policing and offer advice on preventing and reducing crime.

To give you a number of examples. Recently, we had an eight-year-old boy who went missing from an Adelaide Hills school. A post of the details and a picture was published across all of our platforms and within two hours had been shared more than 3,000 times and the information had reached 350,000 people. The boy was found safe by one of those people within a few hours, with the help of the local community through Facebook. If that had been a police search—and we would have sent a patrol up there—for a search like that we would have had quite a number of patrols, we would have had the helicopter, we probably would have had the horses and we would have had a forward command post. So, that is a huge labour saving and, I think, really espouses what community policing is: it is us interacting with the community and vice versa.

Another example. We had a murder in the city. Detectives identified quite a large number of people, but we had five people who we could not identify. We put that up on our Facebook site and 45 minutes later we had all five identified. They were not necessarily suspects, but they were five people we needed to speak to. It could have taken months to locate those people using quite a large number of detectives.

In terms of the transit system, because they have their own web page now, we are constantly using that. They have located domestic violence offenders within half a day of being posted on the Facebook site. We had an 84 year old go missing in the western suburbs. Half an hour after we had posted on Facebook we had located that 84 year old. So, this is a huge tool. I am sure you would have all seen the Queensland experience when they had their floods several years ago. That is when Facebook and Twitter first became used, with the opportunities to get information out and information in about emergencies.

I think there needs to be a broader understanding that what we have done provides the media with some benefits because a lot are actually now cutting and pasting from our website in terms of a new story they can expand. The expansion that we put in the other day actually took it to local communities, and that is what all police should be doing. We no longer just walk a geographic beat; we are in a cyber beat as well, and this provides that ability.

So, a small investment of 14 people to reach 500,000 people a week, who then have further contacts, I think is a significant advancement in modern policing. All those examples I gave mean less time off the road for patrols and more opportunities for those patrols to engage with the public and attend jobs. This is the way of the future; we may be leading the way in a lot of ways in Australia on it, but I think you will be seeing a lot of this throughout the world.

Mr VAN HOLST PELLEKAAN: Thank you, commissioner. That split, at least for now, of nine out of 14 sworn officers, you believe that is about the right place?

Cmmr BURNS: Yes, you have to have quite a number of sworn officers in there. I consider them front-line because they are interacting with the public. Those same sworn officers are not sitting an office the whole time, reading papers; they actually go out on the road and assist the local service areas, or the sergeants who are at a crime scene, or to control media or provide media stories, and to make sure that information goes out.

The biggest thing that we need on our site is integrity and accuracy. It is not like electronic media that is all about getting it out first; ours has to be accurate, and it has to have integrity. Those police officers in there are crucial to it. As I said, the increase in the numbers more recently has been more civilians than police. We have actually taken an inspector out of there in recent times.

Mr VAN HOLST PELLEKAAN: Yes, and the minister did say that that was a trend that was starting.

Cmmr BURNS: Well, that's right; we are obviously limited in the number of civilians we can employ, so what we have to do is make the judgement call to put them in the most valuable position that we can in SAPOL, and that is their area.

Mr VAN HOLST PELLEKAAN: Thank you, commissioner. On the same page, can the minister please advise if there has been an increase or reduction in police overtime as a percentage of total wages in 2012-13 compared with the previous year?

The Hon. M.F. O'BRIEN: I will pass this on to Mr Patriarca because he knows his way around the figures.

Mr PATRIARCA: Thank you, Chair. Sworn overtime for the 2012-13 fiscal year: our budget was \$6.3 million, and our actual outcome on a year-to-date basis as of today is about \$5.6 million, so we are travelling under budget. In simple terms, RBT overtime is about \$708,000 and overtime for police generally is about \$4,484,000, and about \$410,000 was spent on rural highways saturation.

Mr VAN HOLST PELLEKAAN: Thank you, Mr Patriarca. What is the budget for the next few years for sworn overtime?

The Hon. M.F. O'BRIEN: We will take that on notice, member for Stuart.

Mr VAN HOLST PELLEKAAN: Thank you. Minister, do you know how the projected actual of \$5.6 million for this year compares with the actual for last year?

The Hon. M.F. O'BRIEN: We will have to take that one on notice, member for Stuart.

Mr VAN HOLST PELLEKAAN: Thank you. How is SAPOL involved in the national anti-gang task force, and will SAPOL receive any commonwealth funding towards participation?

The Hon. M.F. O'BRIEN: I will pass that over to commissioner Burns.

Cmmr BURNS: The national anti-gang task force announced a few months ago by the federal government is predominantly based in the Eastern States. Discussions are in its infancy here, but my understanding is that there will be a member of the AFP placed in Adelaide. Our preference will be that that member of AFP is placed within our Serious and Organised Crime Branch where our crime gangs taskforce is placed, and that is the federal contribution. From a SAPOL perspective, we have, I suppose, always set the pace in Australia for concentrating on crime gangs and outlaw motorcycle gangs in particular, so this one additional person just provides a linkage into the AFP rather than a significant investigative capacity from the AFP.

Mr VAN HOLST PELLEKAAN: Commissioner, if the minister is happy, could I draw the conclusion from that answer that the greater amount of resource going to other states is just allowing them to try to catch up to the same level that South Australia is at?

Cmmr BURNS: I wouldn't say that, and I wouldn't want to talk for other states, because they have all committed significant resources to policing the outlaw motorcycle gangs. We have recently had Operation Attero, which looked at the rebels right across Australia and SAPOL coordinated through an ACC Fusion Centre. This recent announcement operates outside the ACC environment. There was no consultation with us before it was announced, so we are just in our early stages of consultation with the AFP to find out how it will work, but we know that one AFP officer is designated for South Australia. Once again, as I said, our preference is that officer will work within our policing structure to provide an improved intelligence linkage to the AFP.

Mr VAN HOLST PELLEKAAN: Thank you, commissioner. Can the minister confirm that SAPOL no longer fill community constable vacancies with sworn officers?

The Hon. M.F. O'BRIEN: Again, this is operational, and I will pass that across to the commissioner.

Cmmr BURNS: What I think you might be referring to are police Aboriginal liaison officers. We have about 10 community constable positions on the APY lands, and those are the only positions we are talking about in terms of the PALOs (police Aboriginal liaison officers). What we found was it was very difficult to get community constables on the APY lands, for a whole number of reasons that ranged from health to education to criminal convictions. It was very difficult, but we still needed the linkages to the community.

One of the other things is the traditional community constables up there were male, and no females. With the police Aboriginal liaison officers, it gave us the opportunity to look for females, because the females actually have quite a significant role within the communities and can provide that linkage to SAPOL. To overcome the deficiencies or attempt to overcome at least in part the deficiencies of not filling all the community constable positions, we created the PALO position.

Mr VAN HOLST PELLEKAAN: Sorry, the what position?

Cmmr BURNS: PALO—the police Aboriginal liaison officer. They are not sworn, but they have an ability to transition into a community constable position, as does a community constable have an ability, if they want or so desire, to transition into mainstream policing.

Mr VAN HOLST PELLEKAAN: How many of those 11 positions are currently filled?

The Hon. M.F. O'BRIEN: I will pass that across to commissioner Burns.

Cmmr BURNS: I think there are 10 positions up there. At the moment, if we are talking Aboriginal lands, there are 10 traditional community constable positions on the APY lands, and despite our efforts to fill all 10, only three are currently filled. There are two community constable positions at Yalata, which is just outside the lands. Those two positions are filled, and we have three PALO positions filled out of those 10.

Mr VAN HOLST PELLEKAAN: Thank you, commissioner. Same page, minister: can you please confirm that there are 19 full-time sworn police positions on the APY lands, and if that is the case, how many of them are filled at the moment?

The Hon. M.F. O'BRIEN: There are 19, and those positions are filled.

Mr VAN HOLST PELLEKAAN: All 19 are filled right now. Thank you, minister. Regarding APY night patrols, which is another category of support, are night patrols currently being supported by SAPOL on the APY lands?

The Hon. M.F. O'BRIEN: I will give that across to the commissioner.

Cmmr BURNS: The night patrols is a National Partnership Agreement on Closing the Gap Remote Service Delivery. It has seven building blocks, one of which is community safety. One of the recommendations under the plan for the local implementation plans on the APY lands is the implementation of night patrols for Amata and Mimili.

SAPOL has taken a lead role in the development of a night patrols model and, in partnership with the Regional Operations Centre and in consultation with the Amata community, a service delivery model for a six-month trial was developed. A community-based night patrol trial commenced in Amata on Wednesday 29 February 2012 and it utilised volunteers from the community.

The main purpose of the night patrol is to work with vulnerable people—children, older people and women—encouraging them to report issues and develop a Neighbourhood Watch approach in the community. The main priority is to improve community safety for individuals, families and the community. While the aim is for night patrols to be managed by community coordinators, SAPOL currently provides support and coordination for the night patrol initiative.

A mid-term evaluation of the Amata strategy in May 2012 provided insight for the engagement of night patrols in Mimili. Mimili night patrols commenced in October 2012, following consultation with the local community. SAPOL and the APY Regional Operations Centre (ROC) have conducted training for volunteers engaged with the initiative.

Night patrol volunteers were supported with on-the-job training, which includes first-aid training and conflict resolution, and the hours contributed by participants as a night patrol volunteer are recorded for evaluation purposes. Mimili night patrols were suspended for a short period during November 2012 due to participants being absent because of men's business. Since October 2012, Mimili night patrols have conducted 75 patrols, an average of 12 per month, with an average of four volunteers participating.

Mr VAN HOLST PELLEKAAN: Through the minister, commissioner, is that average of 12 per month current?

Cmmr BURNS: That is my latest information on it.

Mr VAN HOLST PELLEKAAN: Can you give a rough time line on that? Given that it started in October 2012, which was nine months ago, it has been operating at that level of approximately 12 per month for that whole time and is still currently operating?

Cmmr BURNS: Yes, this is a pretty recent briefing paper, so my understanding is it is still operating, but I would say that night patrols are a very difficult thing to establish because of the cultural issues on the lands. As I said, at any given time people may go absent and that may be for a period of time, and then they will come back to it. My understanding is that they are operating.

Mr VAN HOLST PELLEKAAN: Understanding that you have those cultural issues and some other issues to deal with as well, is there—

Cmmr BURNS: That is right. What I would say is that we are helping to implement night patrols. This is not a SAPOL function in the long term. We are there to try to get it started. We tried to start it up in, I think, 2005. We had it going and it fell over. We are trying again now and the idea is then to hand it over.

Mr VAN HOLST PELLEKAAN: Is there any additional budget tied up with this or is this considered part of the work of the 19 officers?

Cmmr BURNS: It is part of the work of the 19 officers, and they do a whole range of other things on the lands besides general duties policing.

Mr VAN HOLST PELLEKAAN: Thank you, commissioner. On the same page, minister, do you agree with recent written responses by SAPOL to the Budget and Finance Committee that it is not possible to provide comparable data between states with regard to sworn officers per capita, that is, sworn officers per capita in South Australia versus sworn officers per capita in New South Wales, Victoria or anywhere else.

The Hon. M.F. O'BRIEN: I am going on the advice of the commissioner. Apparently it is difficult to draw direct comparisons between the states.

Mr VAN HOLST PELLEKAAN: I refer to Budget Paper 3, page 28. Can the minister confirm whether the government has decided to continue with the multiagency offender management program which we touched on in Corrections?

The Hon. M.F. O'BRIEN: Sorry, member for Stuart, could you repeat the question?

Mr VAN HOLST PELLEKAAN: Yes, minister. Can you confirm whether or not the government has decided to continue with the multiagency offender management program and, if so, what is the cost to SAPOL?

The Hon. M.F. O'BRIEN: I will give that over to Commissioner Burns to answer.

Cmmr BURNS: Thank you. The Offender Management Plan proved to be very successful in its trial last year. SAPOL committed an inspector and a sergeant to that and we had linkages, obviously, with the other five or six agencies that had been involved, and Corrections was one of

those. Because of the success of the program and the fact that the type of people we look at can commit crime and increase crime in areas, we have made the decision to continue the program, and we are continuing it within our own budget. So we will commit the same resource to it again. We have had letters from the CEs of the other agencies and those other agencies will continue to contribute to it as well.

Mr VAN HOLST PELLEKAAN: Thank you. Commissioner or minister, can you tell me what income or what other resources SAPOL receives from the other agencies to manage this program?

The Hon. M.F. O'BRIEN: Again, I will pass that across to Commissioner Burns.

Cmmr BURNS: Last year, to my knowledge, SAPOL—when we talk about resources to run the program and manage it, it was SAPOL that provided the resources. Other agencies obviously had people attend the meetings and do their things within agencies. This year what we have looked at is support from the other agencies to fund an ASO position and part fund the sergeant's position to help us out financially, and we have had responses from at least two of those agencies that they are prepared to do so, and that is in the vicinity of \$25,000 roughly.

Mr VAN HOLST PELLEKAAN: Thank you, commissioner. Minister, can you please advise whether the change from a 29-week course for new recruits at the Academy to a 52-week course is a cost burden on SAPOL because it is a course that is significantly longer and includes far more, and, if so, what is the extra cost? Or is it actually just stretching out exactly the same training over a longer period of time?

The Hon. M.F. O'BRIEN: I will pass that one across to Commissioner Burns.

Cmmr BURNS: For some time we have really wanted to go and recruit culturally and linguistically diverse recruits (CALD recruits) and youth recruits. There are some aspects to recruiting that may make that difficult. For instance, with youth recruits it might be life experience and with CALD recruits it may be language, to a degree.

The 52-week course offers us an opportunity to run the course in, broadly speaking, two components—it is not yet determined what length of time the components will be, whether it is 40 weeks and 12 or 30 and 22—with a common component for all cadets and with an increased focus on street policing. When I say 'street policing', I suppose it is what I would call the trade skills of a police officer—more emphasis on that, which, in a 29-week course, you do not always get the opportunity to do.

Then the other component will be tailored to the individual cadet, so it might be a language course, or it might be that someone needs to gain more confidence, and we will work out how we can do that. So, we are still considering that they will do an 18-month probationary course as well—not a course, but a component—before they are a fully-sworn constable.

So, in effect, whilst we run a 52-week cadet course, it actually reduces costs on SAPOL because the cadet course may be longer but their probationary constable period remains the same period. So, in the first part, until the change over, there will be a period of time when the first course graduates, where there will be a delay in filling a constable's position on the road because the course is now that little bit longer.

Mr VAN HOLST PELLEKAAN: Through the minister, Commissioner, if I have that right, the change from 29 weeks to 52 weeks with the same probationary period at the end is a cost saving because it takes longer for that recruit to get onto the full wage after probation?

Cmmr BURNS: Currently they do 18 months as a probationer, and we will continue the 18 months as a probationer. The aim of this would be to improve the standards of the recruits we put out—not saying that they are anything less than good at the moment, but it is a very complex world they are operating in now and this gives more opportunity. So, for a period of time, at least in that first period until we get the first course to graduate, you actually get a savings, and then my understanding is that the savings are not further developed.

Mr VAN HOLST PELLEKAAN: Sorry, I might have misunderstood you or you might have said it the other way around before. I thought you said that, by extending the course and leaving the probation period the same, there is a saving in the longer run. I am trying to figure out how that would be, unless it is to do with the fact that it just takes longer for the recruit to get onto—

The Hon. M.F. O'BRIEN: I think I understand it because I was involved in this discussion a little earlier. We are now getting a more qualified individual out there into the field than was previously the case, and they are able to undertake duties that are performed by a fully

credentialed police officer. So, rather than acting as a trainee, running around doing photocopying and the like because they do not have the level of training, they are now pushed out to do additional responsibilities that could be performed by a commissioned officer. So, that is where the savings come in, and I think it is better for the individual as well to get some real life experience. I think that is correct, isn't it? The commissioner may wish to add; I hope he does not wish to subtract!

Mr van Holst Pellekaan: You won't be able to say you were overseas this time.

Cmmr BURNS: I do the police speak. The minister is right. We recognise that there are areas in which we need to improve in terms of policing, and a lot of it is based around street skills, street knowledge, prosecution areas, and getting the right briefs to the prosecutors. etc., so that is all a large part of it.

But, basically, when you are talking about dollars, the cost of a cadet is cheaper than the cost of a probationary constable, so when you add their period of time—12 months and 18 months—together, at the moment that would be 29 weeks plus 18 weeks, plus the remainder would be at constable level. So 23 weeks of that would have been paid at constable level, and that is your savings in terms of dollars.

Mr VAN HOLST PELLEKAAN: Okay, thank you both. I refer to Budget Paper 6, page 86. Minister, can you advise if it is SAPOL's policy to reject applicants to be police officers if they are diagnosed with Type 1 Diabetes?

The Hon. M.F. O'BRIEN: I will have to take that one on notice, member for Stuart.

Mr VAN HOLST PELLEKAAN: I refer to Budget Paper 3, page 28. This links to an answer you gave before about savings and swapping Commodores to Cruzes. Will Cruzes be used for patrols or are they only going to be used for other police transport requirements?

The Hon. M.F. O'BRIEN: It was a move from Camry to Cruze, not Commodore to Cruze, and that is set out in the budget papers and just for purely administrative functions.

Mr VAN HOLST PELLEKAAN: No frontline work in Cruze. Minister, can you advise if there is any intention to remove bull bars from regional fleet?

The Hon. M.F. O'BRIEN: We will take that on notice.

Mr VAN HOLST PELLEKAAN: I refer Budget Paper 4, page 22, and the estimated 3,990 drug diversions recorded for 2012-13. Minister, please advise how you rate the effectiveness of this program, and does the government or SAPOL have any plans to change it?

The Hon. M.F. O'BRIEN: We will take that on notice and just see what analysis has been done internally.

The ACTING CHAIR (Mr Odenwalder): Before you go on, member for Stuart, could I clarify that your omnibus questions have already been read into *Hansard*?

Mr VAN HOLST PELLEKAAN: My understanding is that they only need to be read in once for each minister.

The ACTING CHAIR (Mr Odenwalder): That is fine. I am just checking for Hansard.

Mr VAN HOLST PELLEKAAN: The Chair confirmed that they had been.

The ACTING CHAIR (Mr Odenwalder): Excellent! No worries.

Mr VAN HOLST PELLEKAAN: But I appreciate you checking.

The ACTING CHAIR (Mr Odenwalder): Thank you very much. Carry on.

Mr VAN HOLST PELLEKAAN: I will try to do two more questions. I refer to Budget Paper 4, Volume 4, page 15. Minister, what is the expected cost to SAPOL associated with Vince Focarelli's release from prison?

The ACTING CHAIR (Mr Odenwalder): What line are you referring to?

Mr VAN HOLST PELLEKAAN: Budget Paper 4, Agency Statements Volume 4, page 15.

The Hon. M.F. O'BRIEN: We don't do that kind of analysis. It is part and parcel of the job. No analysis has been done.

Mr VAN HOLST PELLEKAAN: So no analysis has been done on the extra resources that would be required.

The Hon. M.F. O'BRIEN: No, apparently it is not done for any—

An honourable member interjecting:

The Hon. M.F. O'BRIEN: —individuals.

Mr VAN HOLST PELLEKAAN: Before I ask my last question, I have been lucky enough to find in my notes some information about the Community Safety Directorate and the query about the 244 or the \$303,000. The \$303,850 that I believe SAPOL will now be contributing to the Community Safety Directorate next year and potentially beyond has come via a supplementary report to the Budget and Finance Committee. It was essentially a question taken on notice—

The Hon. M.F. O'BRIEN: Yes.

Mr VAN HOLST PELLEKAAN: —and the information provided later. It refers to \$246,341 for salary and allowance; \$12,736 for motor vehicle; and \$44,733 for superannuation. So, for clarification on that former issue, that \$303,850 I believe is the total amount which Commissioner Burns managed—and I am sure he will be the envy of leaders of every other department around the state—to get out of Treasury because he said, 'I don't want to pay for it. I don't see value and I am not going to unless you give me some extra money to do so.' So, well done, Commissioner Burns, on that. That is how that money is broken up. Is it your understanding, minister, that that is an accurate description of the total amount of money that will go to the Community Safety Directorate from SAPOL?

The Hon. M.F. O'BRIEN: That sounds like an accurate figure but, as I explained, SAPOL will end the current financial year with a surplus of \$5 million which will be paid back into Treasury and Finance. Treasury and Finance will pay all the on-costs, if you like, associated with that particular individual's appointment.

Mr VAN HOLST PELLEKAAN: Even though normally you would have to make a very detailed submission to cabinet to ask for any share of your savings to be rolled over?

The Hon. M.F. O'BRIEN: As I explained, or as commissioner Burns and Mr Patriarca explained, SAPOL has a policy of not generally seeking to recover surplus, so the money has been paid across and that is where it is coming from.

Mr VAN HOLST PELLEKAAN: Thank you, minister, thank you commissioner, and I thank your other advisers, Mr Hartmann and Mr Patriarca.

The ACTING CHAIR (Mr Odenwalder): There being no further questions, I declare the examination of the proposed payments completed.

At 17:46 the committee adjourned until Monday 1 July 2013 at 10:30.