

**HOUSE OF ASSEMBLY**  
**Wednesday, 22 July 2015**  
**ESTIMATES COMMITTEE A**

**Chair:**

Ms F.E. Bedford

**Members:**

Hon. P. Caica  
Hon. J.M. Rankine  
Ms V.A. Chapman  
Mr J.A.W. Gardner  
Mr V.A. Tarzia  
Ms D. Wortley

*The committee met at 10:00*

*Estimates Vote*

**COURTS ADMINISTRATION AUTHORITY, \$94,361,000**

**Minister:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Justice Reform, Minister for Planning, Minister for Housing and Urban Development, Minister for Industrial Relations, Minister for Child Protection Reform.

**Departmental Advisers:**

Mr C. Kourakis, Chief Justice, Courts Administration Authority.  
Ms J. Burgess, State Courts Administrator, Courts Administration Authority.  
Mr T. Pearce, Acting Director, Corporate Services, Courts Administration Authority.  
Ms M. Garreffa, Business Analyst, Courts Administration Authority.  
Mr C. Black, Business Analyst, Courts Administration Authority.

**The CHAIR:** The estimates committees are relatively informal procedures and, as such, there is no need to stand to ask or answer questions, although I do remind members that normal standing orders for conduct in the chamber remain in place. I understand that the minister and the lead speaker for the opposition have agreed an approximate time for the consideration of proposed payments, which will facilitate a change of departmental advisers. Can the minister and lead speaker for the opposition confirm that today's timetable, previously distributed, is accurate?

**The Hon. J.R. RAU:** Subject to improved times, yes.

**The CHAIR:** Which you will both be happy to make.

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

**The CHAIR:** Changes to committee membership will be notified as they occur. Members should ensure the Chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by

no later than Friday 30 October 2015. This year, estimate committee responses will be published during the 17 November sitting week in corrected daily *Hansard* over a three-day period.

I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each should they wish. There will be a flexible approach to giving the call for asking questions based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may ask a question at the discretion of the Chair. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced at the beginning of each question.

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 into *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister and not the minister's advisers. The minister may refer questions to advisers for responses.

During the committee's examination, television cameras will be permitted to film from both the northern and southern galleries. I declare the proposed payments open for examination and refer members to the Agency Statements, Volume 1. I now call on the minister to make a statement if he wishes.

**The Hon. J.R. RAU:** Thank you, Madam Chair. Can I indicate to members, that those to my left, unless they really urgently require to do so, do not need to ask me any questions either, if they are happy with that. Can I indicate the Chief Justice has advised me that he will be here but will be a little delayed, so it is just to let members know, who might be asking questions. Obviously members are asking me the questions, not him anyway, but he wanted the members of the committee to know that he would be delayed a little while. That's really all I have to say in opening.

**The CHAIR:** Deputy leader, do you have an opening statement?

**Ms CHAPMAN:** No, I do not have an opening statement, Madam Chair.

**The CHAIR:** In that case, I call on you for questions.

**Ms CHAPMAN:** I indicate to the committee that, in addition to the budget portfolio Agency Statement 4, Volume 1, which provides for Courts Administration Authority on page 163 thereafter and Attorney-General's Department, page 9 thereafter, I will be referring to those, as you have indicated, but also the Budget Measures Statement (Budget Paper 5) in particular, for Courts Administration Authority at pages 25, 26, and 27 and also under Attorney-General's, which is to follow, pages 17 and 18 of that same document. In this session, the Electoral Commission matter is also dealt with. Another member of my committee, who is momentarily absent, will be dealing with that matter on behalf of those in this part of the committee, and, doubtless, he will outline the actual specific provision.

If I can move to the Agency Statement, Budget Paper 4, Volume 1, firstly at page 166, there is provision under this area, under the Courts Administration Authority, in particular to improve court facilities as one of the objectives of this independent statutory body. Given the announcement on 13 March 2015, when the Attorney announced the Activate 408 proposal for the new courts precinct was 'not value for money' and, further, by letter of that date to the South Australian Bar Association indicated that it would be considered again in the 'regular budget deliberations', my first question is: what is the current state of the precinct proposal?

**The Hon. J.R. RAU:** There is a number of things I would probably need to say in response to that question. First of all, can I say, as I have said here before on more than one occasion, there is no question that the physical infrastructure of the courts, in particular the Supreme and District courts, requires considerable investment, and doing nothing is not an option. There are various time lines that are in play and they basically mean that over the next several years decisions are going to have to be made about medium and longer term solutions to future accommodation, particularly of those two courts. At the present time, we have in the current budget a small allocation for works to

be done on the Sir Samuel Way Building. I think it is in the order of \$900,000, or something of that nature. They are urgent, but in the nature of remedial works. They do not add anything to the serviceability of the premises; they simply are directed towards maintaining the premises in a reasonable state of repair.

The intention I have is to continue through the budget process to agitate for a substantial investment in the courts. However, as everyone would appreciate, I hope, I am but one of a number of ministers, all of whom have their own priorities, all of whom regard their priorities quite reasonably as being significant, and I have to take my turn and take my chances in the budget process. I will continue to try to do that but, obviously, we live in an environment where there are finite resources and not quite infinite but very much larger potential ways of using those resources.

I continue to be keen on advocating for a medium and longer term significant investment in the physical infrastructure of particularly the superior courts. As I said, doing nothing in the medium term and certainly in the longer term is not an option.

**Ms CHAPMAN:** Attorney, obviously one of those competing ministers is yourself as the Minister for Urban Development, including the announcement that you made two weeks later that there would be a \$90 million investment in the Festival Plaza precinct. Was that a priority that was greater to you than the courts precinct?

**The Hon. J.R. RAU:** It comes down to this, doesn't it: these things are ultimately a cabinet decision, and my individual preferences in these matters are not really of any significance. I should make the point that the investment in the plaza precinct was a project or a process which significantly predates the initiation of the process in respect of the courts precinct project. If I am not mistaken, I think it was under the reign of minister Conlon when the original process for the car park redevelopment was initiated.

**Ms CHAPMAN:** I do not mean to interrupt to be rude, but I indicate that I was not actually specifically referring to the car park component but to the \$90 million which is to go into the Festival Centre.

**The Hon. J.R. RAU:** I understand. You are separating a piece out, and I am just making the point that, once the car park project began, it was all but inevitable that something had to be done to the Festival Centre complex because the car park proposal will result, in effect, in the southern entrance to the Festival Centre becoming unusable, and the current configuration of the Festival Centre in terms of its access at ground level will be completely changed.

There was a certain inevitability about elements of the Festival Centre complex being upgraded and, once you touch one piece of the fabric of that building, the idea that you can upgrade one element of the building and leave the rest of it in its pristine 1970s condition is a little bit unrealistic. Whilst I appreciate the point the deputy leader is making, it really is the case that there is a domino effect here. Once the car park progress became a matter of commitment, it was inevitable that something had to be done to accommodate the impact of that on the Festival Centre.

**Ms CHAPMAN:** I am not sure that I entirely understand the suggestion that your individual contribution is apparently of no moment and these cabinet decisions are made, given that you are the Deputy Premier and you do hold ministerial roles, a number of them around the table; nevertheless, the position is that at present there is no provision in the forward estimates for further progressing other than I think you mentioned there is a small amount of current work for the facade work on the Sir Samuel Way building, which is an existing facility. In respect of the development of the courts precinct proposal and its at least temporary abandonment, I think, for several years on what you have just said—

**The Hon. J.R. RAU:** No, I did not say that at all. I said that I will continue to be agitating for a substantial investment in that precinct as part and parcel of each budget process. If I am fortunate enough to persuade my cabinet colleagues within the next 12 months, the button could be pressed then; if I have to keep arguing with them beyond that time, it might take longer.

My point was that ultimately it is not that many years into the future when something must be done. That is all I am saying. There is a period of time, whether it is five years, eight years or whatever, during which a decision will have to be made. I would like that decision to be made sooner

rather than later, but that ultimately is a cabinet decision, not my personal decision. That is the only point I am making.

**Ms CHAPMAN:** From 2012 up until March, when there had been the announcement of the proposal that had been developed through various processes of invitation of expressions of interest and the like, how much money had been spent by the Courts Administration Authority in respect of the development of the precinct proposal and including the moneys to prepare a functional design brief? I refer particularly to the Chief Justice's 2014 annual report, where he says:

First, the Authority committed substantial resources to work with the Department of Public Transport and Infrastructure, and external consultants, to prepare a functional design brief to solicit expressions of interest for developers of a new higher courts building. The 'Request for Proposal' documentation, including a 'Functional Design Brief', was released on 7 April 2014.

He went on to give his expectation, but obviously there had been some allocated funds out of the CAA since 2012. If you do not have the information with you, I would ask that you take it on notice and provide in each of those financial years how much money has been spent to date.

**The Hon. J.R. RAU:** I am happy to take that on notice, but I suspect the answer to that question is that by and large the contribution made by the Courts Administration Authority was an allocation of existing personnel resources as support, if you like, or team workers in respect of the formulation of the design brief and preparation of the specifications required by the courts to provide that to DPTI.

It might be helpful if I just explain that the way in which this project was to proceed was essentially that the project manager, if you like—I am not sure if that is the correct terminology, but it is what I call it anyway—was to be DPTI. That is quite normal within government. The client, if you like, was in effect the Courts Administration Authority and the Attorney-General's Department working together as a team, I suppose you would say. There was a steering committee, which was chaired by the head of my department, Mr Persse.

The work that was done on the courts admin side and the AGD side was essentially in the nature of assisting in the preparation of design specifications, the provision of information and so forth, so that the design brief could be presented to the prospective developer consortia. I will take on notice the question, and if there is any further particularity I can give to that for those years, I am happy to do that.

**Ms CHAPMAN:** Well, I am seeking the—

**The CHAIR:** Before you continue, are there any questions on my right?

**The Hon. P. CAICA:** No.

**Ms CHAPMAN:** Good morning, Chief Justice. When I am referring to the costs of the CAA, its allocation of resources and the like, as I have identified in this report, that is only for one part of that year, since the announcement in May 2012 of the scoping study for \$300,000 that you as Attorney-General had made. In addition to whatever personnel had been allocated to, and the cost thereof, from the CAA, could we have the costs, similarly, to your A-G's Department. I am assuming that scoping study came out of your A-G's budget? I may be wrong; I can ask DPTI the same questions.

**The Hon. J.R. RAU:** I will check up on all of that for you.

**Ms CHAPMAN:** You obviously, in another different role, have ministerial responsibility in respect of that department as well, but what I am seeking is the cost to date of the scoping studies, preparations, tender processes—the lot. I am accepting that the CAA and your department directly may have been more effective in its contribution by resources rather than monetary allocation.

**The Hon. J.R. RAU:** Yes. Can I just make the point that, to the extent that the contributions made by the Courts Administration Authority and the Attorney-General's Department were contributions in kind (namely, the allocation of staff to prepare, promote or advance these projects), it might be difficult, if not impossible, to be able to say, 'Look, X percentage of X number of salaries was devoted over a period of time to this project.' But, if there are specific expenditures which are

identifiable as being relevant to this project, then yes, obviously, I am happy to provide that information.

**Ms CHAPMAN:** Mr Persse has already given evidence in February this year to the Budget and Finance Committee and detailed a number of the processes that have occurred to date, and confirmed the—I am just trying to find Mr Persse's response to the Budget and Finance Committee—

**The Hon. J.R. RAU:** I am sure it was very good; he is usually very good.

**Ms CHAPMAN:** Yes—in respect of the interim leasing and generally on the project. But certainly, the Chief Justice has previously given evidence to this committee, last year and the year before, as did his predecessor, in respect of moneys and resources that have been allocated, so I will look forward to receiving that.

In respect of the applicants, if I can put them in that general description, I think there were some 11 or 12 originally for those who responded to a request for a proposal, and then, ultimately, three selected, from which Activate 408 was selected. As a result of the government determining that the Activate 408 proposal is not value for money, has there been any payment made to any of the other applicants by way of compensation in respect of the submissions that they have presented?

**The Hon. J.R. RAU:** In respect of that, I think you would probably need to direct those questions to my colleague minister Mullighan because the management of the tender process and all matters associated with that fell within the purview of his department. That would be a matter which I believe minister Mullighan and/or Mr Deegan would probably be best placed to assist you with, because that was their bailiwick. Our bailiwick was not that aspect of the matter.

**Ms CHAPMAN:** But if, in the last four months, there had been any request for compensation or approval for compensation to be paid, would that not be a cabinet decision, of which you would then be made aware?

**The Hon. J.R. RAU:** I do not know. I do not have any recollection of anything of that nature in the last few months, or generally, really. But, then again, because it is not specifically my business, if you understand what I mean, I have not had myself tuned into those matters in any particular way. So, again, I think I can do nothing better than suggest you inquire of minister Mullighan about those matters.

**Ms CHAPMAN:** I am happy to do that but, consistent with your indication that you wanted to continue to press for the advancement of this project, would it not be reasonable, if there was going to be any extra cost as a result of abandoning a project or compensation had to be paid out that might help you in presenting a submission to cabinet, to advance or at least put back on the table this project?

**The Hon. J.R. RAU:** That may or may not be the case. The point is that there is no current budget process underway. We have just completed—indeed, we are here in estimates as a consequence of having recently completed—a budget, so there is no active budget round process being undertaken presently. Can I come back to what I said before? It is—

**Ms CHAPMAN:** I am sorry to interrupt but, on that point, it is not showing as being back for consideration in this year's budget, having announced that it would be cancelled. Would that not be relevant to your consideration in the submissions you put for this year's budget, that is, to in some way reinstate this project?

**The Hon. J.R. RAU:** I think I have made it plain. My view is that this project is necessary, unavoidable, and it will be pursued by me. Ultimately, the allocation of budget priorities amongst many competing claims is a matter for cabinet and I do not have the capacity to determine what cabinet will do, certainly in advance, and I do not think I can take it any further than that.

**Ms CHAPMAN:** The annual report at page 3 also refers to the budget measures from last year, and I quote from the Chief Justice's contribution in that. He said:

The budget reduction in 2013-14 was met primarily by the executive not making appointments to replace retiring judicial officers. In the Supreme Court, 1.5 judicial officers had not been filled, two District Court judicial officers remained vacant and 2 magistrates were not replaced. There have been associated reductions in the judicial support staff of the Authority.

My question is, firstly: what is the situation with the current vacancies as described at present?

**The Hon. J.R. RAU:** I do not believe the numbers have changed from the numbers that you refer to in that report, unless I am mistaken.

**Chief Justice KOURAKIS:** The numbers referred to in my report are the permanent, if you like, or long-term reductions so that we could not reduce our operating budget. They remain. There are two vacancies still in the District Court that are not part of that which have not been filled for some time. That is not because they have been permanently or long-term abolished: they just have not been filled. I know from discussions with the Chief Judge that that is causing some strain. I understand there is one magistrate's position, too, which is yet to be filled but is not part of that operating budget offset.

**Ms CHAPMAN:** Attorney, is there any budget allocation for those to be filled in the forthcoming 12 months?

**The Hon. J.R. RAU:** I think they sit within the existing budget parameters of the authority and could be filled.

**Ms CHAPMAN:** Have you received any request for them to be filled?

**The Hon. J.R. RAU:** I have regular discussions, particularly with the senior judge of the District Court, and I think it is fair to say that he would welcome additional troops on the ground. However, I need to make it clear, too, that there are a number of pieces on this chessboard that are presently in play, and it is my view that we need to know where they settle before I am comfortable in making any decisions of that nature.

For instance, I do not think it would be letting any cats out of the bag to say that, post the federal initiatives which were sitting under the umbrella of that word 'WorkChoices', a number of things changed in respect of the role of the commonwealth vis-a-vis the states in the industrial arena. There are presently a number of people who hold commissions as District Court judges who occupy positions substantially in what is now the industrial court. Those people—two of them—for some time have been providing assistance to the District Court.

In particular, I think that Senior Judge Jennings and Judge Gilchrist have been providing assistance to the District Court in respect of dust diseases and liquor licensing, which I believe has been very well received by both the District Court and the profession, as I understand it. I am considering at the moment, in light of the advent of the return-to-work legislation and the advent of the South Australian employment tribunal, what form of judicial or arbitral function is appropriate in that industrial/employment arena. That is a matter that I am considering presently.

I do not yet have any settled opinion about that, but clearly that potentially has some implications for what goes on and what resources are available for the District Court; likewise, the future of the South Australian Civil and Administrative Tribunal (SACAT), particularly in the context of the Environment, Resources and Development Court, which occupies presently, I think, 1½ or two (I think it is technically now 1.75, or thereabouts) judges—again, District Court judges, both of them potentially—it is possible that that current work might move elsewhere. Again, I do not have a settled—

**Ms CHAPMAN:** Attorney, I am not wanting to pre-empt what decision you might make as to what jurisdictions you might change, although you have indicated to the parliament that you have some future considerations as to what you will do with the industrial court in light of other legislation that has been passed, or whether you are going to transfer current District Court duties to the SACAT

These are all matters about which I will accept your determination, but irrespective of where they sit—whether they are sitting in the District Court or whether they are sitting in SACAT or they are sitting in a separate industrial court—someone has to hear these cases. Whilst I appreciate that you might be giving some consideration as to where you might move these chess pieces, there is no indication in the proposed applications that are referred to in your budget—there is no reduction—that is going to suggest that somehow or other we do not need any of these judges.

I do not want to ask you questions about prior announcements about what you might do to reorganise; I am really asking about whether there is anything in this forthcoming year that is going

to make provision for the filling of those two current District Court and one Magistrates Court positions about which the Chief Justice has just said, if I can use his words, is 'causing some strain' in the current circumstances.

**The Hon. J.R. RAU:** Well, I am looking at those matters.

**Ms CHAPMAN:** You may be looking at them; I am asking if there is any money in the budget for them.

**The Hon. J.R. RAU:** The money is there. Perhaps I can just explain: as I understand it (and I stand to be corrected by those to the left and right of me) the position, as far as budget savings for the Courts Administration Authority goes, when viewed from the perspective of the Treasury, is that they only get credit for 1.5 Supreme Court judges and the two District Court judges—and they are the ones reported in the Chief Justice's report to which you referred a little while ago.

So far as the Treasury is concerned, it is my understanding that Treasury has said that those reductions will, in effect, constitute a budget saving for the CAA. As I understand it, further reductions, at the present time, do not. Therefore, the budget impact of whether or not there are appointments above and beyond those 1.5 Supreme Court justice positions and the two District Court positions not made, has no budget implication at all. In other words, to not appoint them at the present time does not save the courts any money, if that makes sense.

**Ms CHAPMAN:** I suppose that raises the question then that if it does not save any money why haven't they been appointed?

**The Hon. J.R. RAU:** I thought I was trying to explain that before.

**Ms CHAPMAN:** I know that you want to do some changing of the chess board as to where they sit and what jurisdictions they might have, but if there is no budgetary impediment as a result of whether these vacancies are filled or not, and the head of the CAA is saying quite clearly to the committee that it is creating some strain, why haven't they been filled, unless there has been some request that they not be?

**The Hon. J.R. RAU:** As I said, I am not making any bones about the fact Judge Muecke and I have had discussions about these matters on more than one occasion, and I am sure he would be pleased if I would fill one or both of those positions sooner rather than later. My point is that I think it is part of my job to be as responsible as I possibly can be with very expensive public resources—for instance, judges. I need to be satisfied that there is a need for those appointments and I need to be satisfied that all the people who are appointed to that very senior and very expensive—from the public purse perspective—position around the place are being fully utilised.

At the moment I am considering a number of matters, to which I have already referred, which do have workload implications for people—not so much at the Supreme Court level but definitely the District Court level. I think it is appropriate for me to be settled on where that is going and also to be crystal clear about what the workload demands are within the District Court as it presently stands. So there are two elements, and I am saying the same thing different ways, I hope.

There is a question in my mind about exactly where the demand is within the District Court as presently constituted. That is question one. Some of the initiatives that we are looking at undertaking—for example, the reform of the criminal justice project, which is underway—potentially have significant positive implications for workload within the District Court. I might say that they would also probably have implications for increasing the workload within the Magistrates Court. Indeed, there is no doubt that the courts efficiency measures which were introduced into the parliament in 2012—and which, amongst other things, changed jurisdictional limits—have had the effect of moving what previously were a number of matters, particularly civil matters, from the District Court to the Magistrates Court. The Magistrates Court has, over time, without any question, become a busier place. I do believe the Magistrates Court can objectively demonstrate beyond any question of a doubt the fact that it has had an increased workload.

The District Court, as I said, there are many features at work. There is the question about exactly what the demand profile is within that court presently. There is a question as to whether legislative initiatives—whether they be practice and procedure-orientated initiatives or structural

initiatives such as those that might affect the industrial court and commission and/or SACAT and/or SAET—will have implications for the distribution of work between that court and other agencies. So, I just need to be clear in my own mind about where all that is going to land.

**Ms CHAPMAN:** It is just that the activity indicators at page 171 suggest that whilst there had been a projection of a major increase in Magistrates Court application finalisations, in fact it went down. In any event, all of those matters are existing. In the existing circumstances, even though you might have a criminal justice reform agenda which you might hope will bring about some other efficiencies, we already know that the provision for the consultation and development of that reform has been funded but there is no funding in this budget for any implementation of those reforms, whatever might come of them, yet. That is a matter for the future. At present—

**The Hon. J.R. RAU:** The not too distant future, I hope.

**Ms CHAPMAN:** That may be so, but at the moment if there are industrial court judges sitting around twiddling their thumbs then surely, given the circumstances, is it not appropriate that you either fill those vacancies or make some arrangements for transfer? If that is the case. I am not suggesting it is, but it seems to be a matter of consideration weighing on your mind—

**The Hon. J.R. RAU:** It is.

**Ms CHAPMAN:** —which is holding up the filling of those vacancies.

**The Hon. J.R. RAU:** Can I just make this point: but for exceptional circumstances which none of us would wish to see, the appointment of a judge is an irrevocable decision, at least until they turn 70, so one does not enter into those decisions lightly because it is committing the public purse to an expenditure, a very expensive expenditure, over a period of time. If I am satisfied that there are requirements to appoint people and that those requirements are ongoing then I will set about doing it. I am just trying to explain to you—

**Ms CHAPMAN:** Sorry, just let me clarify then: I thought I understood from your statement to the committee before that there is no negative budget implication in not filling these vacancies. So, whilst once you have appointed them they might be there for a significant time, there is no downside financially in you not doing that right now.

**The Hon. J.R. RAU:** There is a downside in the global sense. If—can I write the word 'if' in very large letters in red crayon here—if there are expensive resources which are not being fully utilised is it not my responsibility to make sure that I have them distributed as efficiently as possible—

**Ms CHAPMAN:** Nobody is doubting that, Attorney.

**The Hon. J.R. RAU:** —in order to make sure the public is getting value for money?

**Ms CHAPMAN:** What are you relying on then, other than the advice from the council or the chief judge as to whether in fact there has been either an underutilisation of resources in another court, or indeed in the District Court, that would cause you some hesitation in not filling those appointments? Is there some other source or inquiry that you are undertaking that gives reason or ground for you to think that the current structure is not giving, as has been determined under the management by this statutory authority, that suggests that they are wrong and that they need to reassign their resources?

**The Hon. J.R. RAU:** How they allocate their resources within the Courts Administration Authority, as I think I have made very clear on many occasions, is not something over which I have any control; that is a matter exclusively for the Courts Administration Authority. How they allocate their priorities is again a matter for them. All I am saying is nothing more or less than that the only matter in relation to the Courts Administration Authority over which I have any control is the appointment or otherwise of staff—

**Ms CHAPMAN:** But your delay in doing it—

**The Hon. J.R. RAU:** —and judicial staff only. All I am saying is that it is incumbent on me to exercise what in my mind passes for due diligence about the appropriate need for the appointment of such people, and particularly, as I have been trying to explain to you, in the context of a number



of different initiatives being in play at the present time and in a position where hard data about the existing structure is difficult for me to get my head around. I think I just need to be satisfied.

**Ms CHAPMAN:** I appreciate that you are saying that you are doing this due diligence and you are having some difficulty getting your head around it, so there is no apparent refusal or failure to provide the data that you have sought, I am assuming from what you have said, but you are thinking about it. I am just at a complete loss at this point, Attorney, as to the basis upon which you are suggesting that the recommendations of the council and the Chief Judge that these vacancies be filled should be ignored or should be not proceeded with—on the basis of some other data or information that you have.

**The Hon. J.R. RAU:** I have not said that anything is being ignored. I think I have acknowledged here more than once that Judge Muecke and I have regular meetings. He has on a number of occasions expressed the desire to me that one or more of those positions be filled; I am not pretending that has not happened because it has, and I am giving it due consideration. All I am trying to convey to the committee is that you just appreciate again, please, the number of different chess pieces which are moving presently in this space. There is SAET and everything to do with that. There is SACAT and everything to do with that. There is the Industrial Relations Court and Commission and everything to do with that. There is the justice reform project and everything to do with that.

There is even a discussion about the possibility of whether the existing configuration of the three tiers of the court structure in South Australia is the best configuration. If that, for example, were to change—and I am not saying it is going to, but I am saying if that were to change—that also would have implications. All I am saying is that there are many variables that are presently there. I need to consider all of those and I need to be satisfied that, notwithstanding all of those variables, there is a present requirement for an appointment and I am giving that consideration. I have not said I am not going to do it, I am just thinking about it.

**Ms CHAPMAN:** The Chief Judge, I think, is due to retire as well, isn't he, in the forthcoming 18 months or so?

**The Hon. J.R. RAU:** I think in the next two years or 18 months or something of that nature. December next year I am advised.

**Ms CHAPMAN:** Is it the intention that you are going to replace him?

**The Hon. J.R. RAU:** Subject to—

**Ms CHAPMAN:** Either with yourself or someone else?

**The Hon. P. CAICA:** With you, Vickie.

**Ms CHAPMAN:** No, you won't get rid of me that easily.

**The CHAIR:** Order!

**The Hon. J.R. RAU:** Obviously, if the current court structure does not change, there must be a presiding judge in the District Court, so of course when Judge Muecke moves on there would be a presiding judge.

**Ms CHAPMAN:** I understand that, Attorney.

**The Hon. J.R. RAU:** The only caveat to that is that, were it to be the case that there were to be some new configuration of the superior courts—and I am not saying that is going to be the case, I am saying if that were to be the case—it is conceivable that that would have some impact on that role going forward, but that is hypothetical.

**Ms CHAPMAN:** Just going back to the state of the courts that we referred to, last year I asked questions about the mattress at the end of the stairway, and the Chief Justice was not able to recall any knowledge of whether that was the case. That has now been filmed and televised on one of the programs—*Today Tonight*, or one of those other programs.

**The Hon. J.R. RAU:** I am reliably informed that is not a mattress.

**Ms CHAPMAN:** Yes; whether it is a plastic covered foam structure, or whatever you want to call it, I think you are aware of what I am talking about. It has been identified as apparently necessary to minimise the harm of someone who might slide down the stairs. Have there been any accidents on that stairway in the last 12 months, and has SafeWork SA, or anyone else in the approving of workplace safety, inspected it in the last 12 months?

**The Hon. J.R. RAU:** Strangely enough, I had a chat to the court's administrator about this only yesterday. I am advised that there has not been any involvement by SafeWork in respect of that matter. If I can return back to my initial comments, I have never come into this place, and I certainly do not come into it now, saying that that building is good: it is not. I certainly would not suggest those facilities are good, because they are not. In fact, we had the embarrassing situation not that long ago where the current Chief Justice's predecessor was unwell and confined to a wheelchair, and, by reason of his degree of disability, was basically unable—

**Ms CHAPMAN:** To get into his own court.

**The Hon. J.R. RAU:** —to get into his own court. Obviously, that is not okay.

**Ms CHAPMAN:** I have some questions in relation to the anticipated, apparent wave of appeals that we are to have as a result of the Full Court determination of the Henry Keogh case, about which there has been some publicity. We already have listed a retrial, apparently, for May next year for Mr Keogh's case. Is the allocation of funds or extra funds that might be needed in this budget or is it in the Attorney-General's budget?

**The Hon. J.R. RAU:** It depends on what you are talking about. First of all, as to that question, I always anticipated that, when that amendment to law was passed by the parliament, it would initially be a group of people who would be interested in agitating that matter. This is the opportunity for people who have otherwise exhausted all of their appeal rights to come forward with fresh and compelling evidence which was not reasonably available to them at the time of their original trial and conviction, which throws serious doubt over the safety of the original verdict. I do not think anybody was surprised that Mr Keogh sought to take advantage of that provision. Mr Keogh, as you mentioned, was able to persuade the court that there was sufficient uncertainty about the basis upon which the original verdict was come to and that he should be afforded the opportunity of a fresh trial.

That is not, as some in the media were suggesting, tantamount to an acquittal of Mr Keogh. It simply means that he gets to face the prosecutor afresh, and we will see what happens. I do not wish to take that any further. It was my expectation that there would be a few people, and I discussed this briefly with a colleague the other day, and they made the point that, if you are sitting in the Yatala for 20 or 30 years, you have got not much else to do but think about perhaps having another role at the dice if you can, and that is fair enough. My expectation is that the law will settle. The case law is already starting to form up around those provisions. The period of lawyers having a view that that provision is still an unknown quantity or is capable of some malleability will pass as the case law becomes more settled, and those appeals will occur infrequently but from time to time; there will not be an avalanche of them.

Those trials, as and when they come up, will be few and far between, but I do accept that individual ones, particularly early on, might go on for a period of time, both because of the complexity of the evidence that might be called but also because of the fact that the law, perhaps in some regards, remains to be fully settled about exactly how the court will interpret these things.

**Ms CHAPMAN:** I understand that, Attorney, but what about the money? Is there any money allocated in this budget—

**The Hon. J.R. RAU:** The money situation is this: the court—

**Ms CHAPMAN:** Can I just say—

**The CHAIR:** I ask you to wait for the Attorney to finish his answer before you ask your next or supplementary question.

**Ms CHAPMAN:** No, I am asking as part of my questions.

**The CHAIR:** No, I need to insist that he be allowed to finish his answer.

**Ms CHAPMAN:** Okay.

**The Hon. J.R. RAU:** Inasmuch as there is a workload for the courts, it is contemplated by me that these matters will be picked up in the ordinary course during the ordinary discharge of the courts' duties, just as other changes to the law from time to time have affected the burden on the courts. Take, for example, the decision made by this place some time ago to remove the statute of limitations on very old sexual offences. That has had a serious implication, particularly for the District Court, over time. The place where it might show up is in the Legal Services Commission budget.

**Ms CHAPMAN:** I will come to that after 11 o'clock because that is in your next budget allocation, but again the projection from 2014-15 was 250 finalisations in the Supreme Court. The projection for 2015-16 is 220. So, even with some extras that might occur as a result of these fresh retrials occurring, there does not seem to be, on the face of it, any provision for that like, for example, we did with the Snowtown murder case where extra money had to be allocated to meet the costs of the prosecution and the hearing of the trials that were involved in that case.

**The Hon. J.R. RAU:** If we got to the point where there was a particular problem, a particular case or a particular issue which was causing that degree of difficulty, which Snowtown did because it went on forever pretty much, and if the Chief Justice, for example, lost one or two of his judges in effect for years or a year or something, of course I would expect that there would be a conversation between the Chief Justice and me.

**Ms CHAPMAN:** Right. So, if that arises, you would consider it on a one-off basis?

**The Hon. J.R. RAU:** Of course, just as we do with auxiliaries. From time to time, the court has special needs and a request is made for the appointment of an auxiliary, which is dealt with in the ordinary course.

**Ms CHAPMAN:** Yes. In relation to ex gratia payments that you approve in respect of whether they are prosecution costs or anything else, is that in this portfolio or is it in your Attorney-General's portfolio?

**The Hon. J.R. RAU:** That is in the Attorney-General's portfolio.

**Ms CHAPMAN:** I will ask you in three minutes then. My next question is—

**The CHAIR:** Do we have omnibus questions you have to table?

**Ms CHAPMAN:** I do, in the next 1½ minutes.

**The CHAIR:** Okay, I am just reminding you.

**Ms CHAPMAN:** Thank you. In respect of the other initiative for this year's budget, which is to increase the probate filing fees, which is at Budget Paper 5, page 25, and the provision of some extra \$9 million revenue to result as a result of this new graduated initiative or tiered arrangement, I think it has been described as, can I ask whether that was an initiative that came from you or from the authority?

**The Hon. J.R. RAU:** I think it was our friends in Treasury, I am advised.

**Ms CHAPMAN:** I am sorry?

**The Hon. J.R. RAU:** Our friends in Treasury, I believe.

**Ms CHAPMAN:** Right. Was there any consultation with the authority about that proposal?

**The Hon. J.R. RAU:** I am advised that information was sought from the authority and provided to Treasury.

**Ms CHAPMAN:** Is it correct that the current revenue from these fees is about \$6 million a year and the cost of running the probate unit is about \$2 million a year?

**The Hon. J.R. RAU:** I am advised that is about right.

**Ms CHAPMAN:** Is there proposed to be any extra resource allocated to the probate office or is this going to be sort of \$9 million net profit as is what, on the face of it, is suggested by this?

**The Hon. J.R. RAU:** I am advised that that will be considered after the regulations have come in. They will work out how it is actually going to be implemented on the ground.

**Ms CHAPMAN:** I am assuming there is not any anticipated increase in deaths or application for probate, and all the money that is listed in the forward estimates in the budget papers totalling about \$9 million is all net increased funds available.

**Chief Justice KOURAKIS:** There may be a need for more resources in the probate office depending on how the estates are valued and checked and whether gross value or net value is used. All that might require more administrative resources and, hopefully, if it does, there might be a discussion about funds for that.

**Ms CHAPMAN:** The raw data that is in the published budget papers then is without any consideration of that at this point; is that your understanding, Attorney?

**The Hon. J.R. RAU:** I would defer to the Chief Justice in relation to these matters.

**Chief Justice KOURAKIS:** I do not know how the amounts were estimated and whether any allowance was made. I do not even know whether they are gross value or net value. I do not know whether any allowance has been made for extra costs and assessments.

**Ms CHAPMAN:** On the face of it, it is a net value, because that is what the budget measures papers are supposed to tell the parliament, as to what increase or decrease, positive or negative effect, it is going to have on the budget. I wonder if you could take that on notice, Attorney, and get back to us.

**The Hon. J.R. RAU:** Yes, I am happy to do that.

**The CHAIR:** This could be an appropriate time to finish off this line. There being no further questions, I declare the examination of the proposed payments completed.

#### **ATTORNEY-GENERAL'S DEPARTMENT, \$109,678,000**

#### **ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$98,533,000**

##### **Minister:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Justice Reform, Minister for Planning, Minister for Housing and Urban Development, Minister for Industrial Relations, Minister for Child Protection Reform.

##### **Departmental Advisers:**

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

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

Mr D. Soulio, Commissioner for Consumer Affairs, Liquor and Gambling, Consumer and Business Services.

Mr A. Thompson, Special Counsel, Attorney-General's Department.

Mr D. Corcoran, Senior Financial Consultant, Attorney-General's Department.

Ms T. Blight, Manager, Financial Services, Attorney-General's Department.

Mr J. Lai, Financial Consultant, Attorney-General's Department.

**The CHAIR:** I declare the proposed payments open for examination and refer members to the Agency Statements in Volume 1. I call on the minister to introduce his advisers.

**The Hon. J.R. RAU:** I am not advised by anybody presently.

**The CHAIR:** You are on your own? That will make it a lot easier for everybody. Is the minister going to make an opening statement?

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

**The CHAIR:** Deputy leader, would you like to make an opening statement?

**Ms CHAPMAN:** No, Madam Chair.

**The CHAIR:** No opening statement. Can I just have an indication if there are any questions on my right?

**The Hon. P. CAICA:** No.

**The Hon. J.R. RAU:** On my right is Mr Persse, who is the chief executive, and on my left is Mr Swanson, who knows all about numbers. He is the chief financial officer.

**The CHAIR:** Who is behind you?

**The Hon. J.R. RAU:** I have an array of other people.

**The CHAIR:** The list can be sent up to the table. Deputy leader.

**Ms CHAPMAN:** I refer to Budget Paper 5, page 19, which relates to the Nuclear Fuel Cycle Royal Commission. I had not heard any announcement, Attorney, as to whether they were going to have some nuclear-powered courts in South Australia, although it is an initiative I am sure that the Hon. Mr Scarce is considering. My first question is: why is this in the Attorney-General's budget? Why is \$6 million over two years coming out of what is already a fairly cash-strapped agency?

**The Hon. J.R. RAU:** There are a couple of things. First of all, my understanding is that because the royal commission is obviously established under the Royal Commissions Act, and that is an act which is committed to the Attorney, it therefore lands in the AGD portfolio, as does, I think, the Nyland royal commission and so on, even though the subject matter of those particular inquiries may have nothing specifically to do with the Attorney-General's Department.

The second point is that the money which is appearing here in the budget is actually new money. It is not money which is being consumed from other AGD priorities; it is money which is specifically allocated to the provision of resources to this particular royal commission. Because of the fact that the Royal Commissions Act is committed to the Attorney, it lands in the AGD portfolio.

**Ms CHAPMAN:** Did your Attorney-General's Department or your predecessor as the Attorney-General have responsibility similarly for the Mullighan royal commission and the DeBelle royal commission?

**The Hon. J.R. RAU:** I am advised that is the case, yes.

**Ms CHAPMAN:** I should also say that, whilst I note that there is a provision for a royal commission of the state's child protection system, I note that you are the Minister for Child Protection Reform, so I did not have any issue with that in any event being in your area of responsibility.

**The Hon. J.R. RAU:** Just to make it clear, the Nyland royal commission sits within AGD—

**Ms CHAPMAN:** Only because of the Royal Commissions Act.

**The Hon. J.R. RAU:** —only because of the act. It has nothing to do with my role in respect of child protection, which is, I think as I have explained before, really a policy formulation role rather than a line ministerial role.

**Ms CHAPMAN:** I was going to ask you about that because there does not appear to be any provision in the budget for an allocation for you for that ministerial role.

**The Hon. J.R. RAU:** No. Just to make it clear, as I understand it, there is no line allocation in respect of that particular portfolio. It is—

**Ms CHAPMAN:** Do you have any staff?

**The Hon. J.R. RAU:** No, not as such. Let me be more particular: I have within my office a facility for the appointment of a person to provide me with assistance in terms of liaison with the

Department for Education and Child Development. From time to time, I ask people within the Attorney-General's Department to provide me with advice in relation to issues which are pertinent to that. I have had Mr Persse and others provide me with some sort of support and a liaison-type function between the Attorney-General's Department and the Department for Education and Child Development.

There is no department for child protection reform, as such; that does not exist and never has existed. There is no line responsibility for that particular role. So, minister Close is responsible, as minister Rankine was before her, for the day-to-day administration of all matters relating to that. My role is to be of assistance in terms of policy formulation and some sort of across-government coordination of the initiatives to improve and respond to some of the problems that have been popping up from time to time in that area.

**Ms CHAPMAN:** So if \$6 million is not enough for the Nuclear Fuel Cycle Royal Commission, do you, being responsible for the administration of this commission, make an application to Treasury for extra money? Is that how that works?

**The Hon. J.R. RAU:** Yes. If it turned out that we were running into a time issue, as indeed has happened, I think, with Commissioner Nyland, for instance—our expectation, or at least hope, was that Commissioner Nyland's work would be completed shortly; she has advised me that that is not going to be the case and that she would be unlikely to be completed until the first half of next year—

**Ms CHAPMAN:** Sorry, first half of next year?

**The Hon. J.R. RAU:** Yes. And for that reason, I went back to cabinet and advised them that that was the case. I sought additional funding—

**Ms CHAPMAN:** Is it proposed that Ms Nyland is going to provide an interim report, or do we just have to wait until sometime between January and June next year?

**The Hon. J.R. RAU:** Can I come to her in just a moment because I want to finish answering your question about the nuclear one.

**Ms CHAPMAN:** I will be coming back to that.

**The Hon. J.R. RAU:** I just want to add, for the record, that the Minister for Mineral Resources and Energy has also written to the federal Minister for Industry and Science (the Hon. Ian Macfarlane) seeking a commonwealth contribution towards the operating costs associated with the commission. Whether or not the commonwealth wishes to be of assistance in that respect, we will have to wait and see. I can say, again, that although it is not my specific portfolio area I have been personally quite encouraged by the degree of cooperation and positive messaging that has been coming from the commonwealth in respect of that commission, and I think that has been quite encouraging.

**Ms CHAPMAN:** I noticed it was not in the ALP conference agenda this weekend, but in any event we will see how encouraging that is. I will come back to the Minister for Mineral Resources' submission to the commonwealth shortly, but just back to Ms Nyland: if the expectation now is that her report is unlikely to be received until the first half of next year, is it intended that she will provide an interim report in respect of any of the other issues that she is looking at?

**The Hon. J.R. RAU:** I have meetings with Commissioner Nyland, quite frequently, and I have made it clear to her (and I am confident she shares this opinion) that, if she gets to the point that she has something that she wishes to convey to the government at any point between now and whenever it is she finally finishes, she is welcome to come to me with any suggestion. In fact, I think—and, again, I am pretty sure I have said this in so many words to the commissioner—if she gets to the point where she is so settled on a matter that she knows it is going to inevitably be part of her final report, and she gets settled on it next week, I would welcome her coming to me and saying, 'There are a number of things still floating around but this one I am absolutely certain of.'

If she gets to that point, and you can call that an interim report, if you wish, I would welcome that because that would enable me to start work on that immediately and that would mean there would be less for me to do at the end when she produces her final report because I could get started on it earlier. So, I welcome it.

**Ms CHAPMAN:** That may be so, Attorney. I did not ask whether or not you welcomed it: I am asking whether she has given any indication to you about whether she intends to provide an interim report?

**The Hon. J.R. RAU:** Not really. I do not think she has made a decision yet as to whether she will provide interim reports, or not. I think she is thinking about it and, from my point of view, that is good.

**Ms CHAPMAN:** Is there any explanation as to why it has now moved from mid-September this year to the first half of next year?

**The Hon. J.R. RAU:** I think she has probably encountered a lot more feedback than she might have anticipated originally. When we first established this commission, we were really guessing, I suppose, as to exactly how much material would come into the commission, how many people would come forward and give evidence. We took a stab at it and thought it might take until August. As it has turned out, she is still working her way through things. There was also the matter of a certain criminal proceeding which had to be completed and, given the fact that that matter is still on foot, I probably do not need to say too much more about that.

**Ms CHAPMAN:** In any event, the money that is allocated on page 19 as operating expenses and investing payments, is that extra for last year and continuing on?

**The Hon. J.R. RAU:** I am advised that is new money.

**Ms CHAPMAN:** So it is now going to take another, in round figures, \$9 million extra. How much has been allocated so far to the Child Protection Systems Royal Commission?

**The Hon. J.R. RAU:** I am advised that is for the whole royal commission.

**Ms CHAPMAN:** So it is not all new money?

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

**Ms CHAPMAN:** Again, as a result of the delay and, presumably, the extra unintended level of response to this commission, is there any expectation that there will be any extra money provided?

**The Hon. J.R. RAU:** Can I get back to you on that? I do not know the answer to that.

**Ms CHAPMAN:** I suppose the difference would be that last year's budget was only \$6 million for the royal commission and this year's budget suggests that it is more.

**The Hon. J.R. RAU:** Yes, but whether or not there is any more above and beyond what is in the budget, which is what I understood your question to be—

**Ms CHAPMAN:** Yes.

**The Hon. J.R. RAU:** —I do not know the answer to that but I will get back to you.

**Ms CHAPMAN:** If you can come back to us on that because, whilst you are administering this, this has been a royal commission that has been ongoing and would have had a budget allocation in the 2014 budget and, on the face of it, looking at this document, this is extra.

**The Hon. J.R. RAU:** Can I take that one on notice and we will get back to you?

**Ms CHAPMAN:** Going back to the Nuclear Fuel Cycle Royal Commission, you are administering this and, if they need more money, you will be responsible for putting a submission to cabinet to present that argument if that is necessary?

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

**Ms CHAPMAN:** In the meantime, the Minister for Mineral Resources, you say, has written to the commonwealth and there is reference there to seeking an invitation to contribute?

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

**Ms CHAPMAN:** What is the basis upon which you say that there seems to have been some positive response in that regard? Has there been a letter back?

**The Hon. J.R. RAU:** I did not say specifically in respect of the request for money. I just said that, in general terms, the cooperation from the commonwealth and the messaging that has been coming back to the state from the commonwealth has been quite positive, I thought.

**Ms CHAPMAN:** What, that you are having a commission of inquiry on the matter?

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

**Ms CHAPMAN:** Let us just get back to the money, though, because this is something that you are in charge of.

**The Hon. J.R. RAU:** I am a glass half full kind of guy, so I was trying to pick out the really good stuff.

**Ms CHAPMAN:** Yes, well, at this stage I would just like to see what is in the glass, if I might, Attorney.

**The Hon. J.R. RAU:** Okay, fair enough.

**Ms CHAPMAN:** If we go back to this explanatory note that there is an olive branch invitation being presented to the commonwealth to say that it should contribute, and you are administering this royal commission, I am assuming that someone in your department is keeping an on eye how that negotiation is going?

**The Hon. J.R. RAU:** I believe so, yes. Mr Persse, in fact. I think that the best way of answering it, and I will be corrected here in a minute by one of these gentlemen if I am wrong, is that, if that royal commission gets to the point where it requires further funding and the commonwealth does not decide to contribute anything to help us out, then I will have to go back to cabinet and seek further funding.

**Ms CHAPMAN:** Will you not have to go back to cabinet to explain if you do not even get the half that it has asked?

**The Hon. J.R. RAU:** Sorry?

**Ms CHAPMAN:** Sorry, the contribution that it has asked. The explanatory note here in the papers suggests that there has been this approach:

A contribution to the additional costs associated with operating the expenditure of the royal commission is being sought from the commonwealth government.

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

**Ms CHAPMAN:** So, there is \$6 million there.

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

**Ms CHAPMAN:** How much is being sought?

**The Hon. J.R. RAU:** Can I get back to you on that? It is not me that has written to the commonwealth.

**Ms CHAPMAN:** No, I understand, but you are in charge of supervising this project.

**The Hon. J.R. RAU:** No. I will get back to you and find out. The gist of it is, just to make it clear, that, whatever the numbers are, the equation is something like this: if the commonwealth does not want to chip in, then the state will ultimately be responsible and, as the minister who has to accommodate this royal commission, I will have to take to cabinet a request for further funds.

**Ms CHAPMAN:** Well, is the \$6 million that is referred to there over two years the gross estimated cost of the royal commission?

**The Hon. J.R. RAU:** I do not want to fly by the seat of my pants in here on answering these questions about the dollars. I will find out specifically what the answer on the dollar point is. I can only say this, that the allocation here is for \$6 million. If that turns out to be less than is required in total, and it may well do, then we will either get the balance from the commonwealth or I will have to go back to cabinet and ask for whatever that balance is.



**Ms CHAPMAN:** So, is the request from the commonwealth that it contribute over and above the \$6 million?

**The Hon. J.R. RAU:** My understanding is yes.

**Ms CHAPMAN:** So, the gist of the letter is, 'We're allocating \$6 million to this. We're going to invite you to make a contribution to what may be extra costs.'

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

**Ms CHAPMAN:** So at this stage it is a sort of 'maybe' at this point, because you have estimated the cost of this project to be at \$6 million.

**The Hon. J.R. RAU:** No. Can I be clear: Treasury has provided in the budget an allocation of \$6 million over those two years for this royal commission. That may or may not be what ultimately the commission costs.

**Ms CHAPMAN:** I understand that but somewhere there is a document which suggests how much has been allocated—not just here, but what estimate there would be of the cost of having this royal commission. At this point only \$6 million out of state Treasury has been allocated; I understand that.

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

**Ms CHAPMAN:** What I am saying is: what is the estimate so far, or has it just been on the basis that Treasury said, 'Well, we're going to approve \$6 million. It might end up costing \$20 million. You come back to us if you think you need more.' Is that the way it is operating?

**The Hon. J.R. RAU:** I do not wish to be seen to sign up for the 20 number, but the proposition you have just advanced is basically it.

**Ms CHAPMAN:** Okay. At this point, your understanding is that whether it is within the six or above the six or whatever the total amount is that is being sought, in any event the inquiry to the commonwealth minister has gone. Do you know when that went?

**The Hon. J.R. RAU:** No. We will get back to you about that.

**Ms CHAPMAN:** And has there been any response?

**The Hon. J.R. RAU:** Again, I do not know.

**Ms CHAPMAN:** If you could inquire as to whether there has been any response at all. It may be that it was only written two days before the budget was announced, I do not know from here, but if it was written—

**The Hon. J.R. RAU:** I am advised by Mr Persse that it was probably a couple of months ago. That is about as particular as I can be about that presently, but we will get back to you about that.

**Ms CHAPMAN:** And if there has been any response, what the detail of that response is?

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

**Ms CHAPMAN:** Has there been any request by the commissioner to expand the terms of reference that you are aware of?

**The Hon. J.R. RAU:** Not that I am aware of. To be honest, I think they are pretty broad. I think the terms of reference—

**Ms CHAPMAN:** They are referred to in the papers in summary form, so I appreciate—

**The Hon. J.R. RAU:** Yes. I cannot imagine how you would need to expand that; it seems pretty all-encompassing to me. However, I think the answer is no.

**Ms CHAPMAN:** Well one situation, of course, may be that if there is going to be an invitation to the commonwealth to make a contribution to this, other than putting in a submission, to come up with money, they might to look at something more broadly outside of South Australia, for example.

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

**Ms CHAPMAN:** You will get back to me if that is the case?

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

**Ms CHAPMAN:** I would now like to turn to the Victims of Crime Fund. Budget Paper 4, Volume 1, page 73, refers to the moneys expected to be generated over the forward estimates for revenue into this fund (this is at the top of page 73). What is the current balance of the Victims of Crime Fund?

**The Hon. J.R. RAU:** I am advised that as at 30 June the balance was \$203 million.

**Ms CHAPMAN:** We understand, of course, that there is some legislation before the parliament to be considered, which will expand the opportunity for some potential recipients to have larger payments. In the budget for this year I am making the assumption, from public statements that you have made, that it is expected that the application of that reform will be retrospective to 1 July this year.

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

**Ms CHAPMAN:** Therefore, I am assuming some budgeted fund receipts and expenditure will take that reform into account.

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

**Ms CHAPMAN:** So in this current financial year, what is the anticipated expenditure from the fund for the 2015-16 year, bearing in mind that there is apparently going to be another \$2.695 million into it?

**The Hon. J.R. RAU:** I am advised that in the current financial year, the 2015-16 financial year, the amount is \$3.156 million.

**Ms CHAPMAN:** Of what will be expended?

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

**Ms CHAPMAN:** Additional, alright. Can we just clarify then how much is budgeted to go into the fund in total and how much is budgeted to go out? I am not asking for a breakdown of what it is going to be spent on, because I appreciate that there are a number of programs that it funds.

**The Hon. J.R. RAU:** I would just like to make one point. The budgeted number for additional expenditure in the 2015-16 year was, necessarily, to some degree a guesstimate because we do not actually have that new scheme operational. It has not even passed the parliament presently, and we do not know exactly what that will look like in terms of the way it rolls out.

For example, the present arrangements provide for a very, one might say, inadequate payment for solicitors providing assistance to claimants. It has been suggested to me, and I think it is probably impossible to actually verify the accuracy of this, that the relatively poor remuneration provided to solicitors assisting individuals to make claims under the present scheme has contributed to a depression in the number of people making claims. It is certainly the case that part and parcel of the proposal that we are putting forward in the measures before the parliament includes an increase in the payment to legal representation.

**Ms CHAPMAN:** Not much, I think.

**The Hon. J.R. RAU:** No, but we are looking at increasing the amount of legal fees paid. That, for example, may mean that the number of applications made increases; we do not know. So, whilst we have a guesstimate in there, it is very hard to be absolutely accurate about it.

**Ms CHAPMAN:** I appreciate that but I just want to know what the guesstimate is.

**The Hon. J.R. RAU:** The guesstimate is that the total budget impact from the proposed changes to the VOC payments arrangement before the parliament is 3.156, but I emphasise that is a number that is not one that I have absolute confidence will be correct; it may be more.

**Ms CHAPMAN:** Yes, but my next question was: what is the total moneys expected to be received into the fund in this financial year and what is the total amount budgeted to be paid out in this financial year?

**The Hon. J.R. RAU:** Total in and total out, including the amendment being successfully passed by the parliament?

**Ms CHAPMAN:** Correct.

**The Hon. J.R. RAU:** My advice is that the estimate for total moneys in in the 2015-16 year is \$68.709 million and the estimate for expenditures in the 2015-16 year is \$28.219 million, and I believe that is inclusive of and assuming the passage of the legislation that is before the parliament.

**Ms CHAPMAN:** So, your expectation then is that unless there is some unexplained event there will be another \$40 million in this fund as at 30 June 2016?

**The Hon. J.R. RAU:** More or less, yes.

**Ms CHAPMAN:** You may not have it in front of you but if you do I invite you to advise the committee as to what the estimated income and expenditure is over the forward estimates for each of those years.

**The Hon. J.R. RAU:** As I understand it, over the forward estimates the income for the fund is more or less stable at between \$68 million and \$69 million, or thereabouts.

**Ms CHAPMAN:** Over 2016-17, 2017-18 and 2018-19?

**The Hon. J.R. RAU:** Yes. In fact, to give you the particular numbers that I am advised, they are: in 2016-17, 68.934; in 2017-18, 69.282; and in 2018-19, 69.594.

**Ms CHAPMAN:** Can I have the corresponding—

**The Hon. J.R. RAU:** In terms of the outgoings: in 2016-17, 28.899; in 2017-18, 29.651; and in 2018-19, 30.419.

**Ms CHAPMAN:** So again, we are looking at about a \$40 million accumulation in that fund, unless there is any other extraordinary expense per year.

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

**Ms CHAPMAN:** Does the government have any intention of dealing with that money in any other way or presenting any proposal as to how that accumulated money, which will be well up over \$300 million within a few years—

**The Hon. J.R. RAU:** First of all, I repeat the point I made before that the exact drawdown on the fund is difficult to be certain about, so there is some uncertainty about that. Whatever that uncertainty is, I accept that it is unlikely to be anything like \$40 million of uncertainty, but I make the point that there is uncertainty about the exact drawdown.

The second point is that I have been turning my mind to whether it is within scope, given the statutory confines of the matters for which that money can be expended, for other services to be funded. I have been turning my mind to things which include, but are not limited to, things like the victims of domestic violence and matters of that type. At the moment, the categories of existing grants and compensation under the scheme include compensation and ex gratia payments to victims, legal fees, victim compensation section of the Crown Solicitor's Office, grief payments and reimbursement of funeral expenses, the Commissioner for Victims' Rights salary and related costs to the commissioner, rape and sexual assault services, Victim Support Service, road trauma support, and victims of crime to help them deal with the effects of crime and advance their interests.

As you would appreciate perhaps, if you look at the provision—I think it is section 31 of the Victims of Crime Act—it is a relatively tight provision. However, I have been looking and I have been discussing with officers of my department whether there is an opportunity for some additional moneys to be used, and the thing that has been exercising my mind is domestic violence in particular. That is because we appear to be in a situation presently where, whether it is because of an increase in the actual domestic violence problem in our community or whether it is because there is an increase

in the reporting of it due to changes in people's attitudes or the coverage by our friends in the media of various cases, I do not know.

However, undoubtedly the amount of reporting of domestic violence is clearly increasing. Whether or not that reporting is indicative of a fundamentally increasing problem or whether it is revealing a longstanding problem in a more full fashion, I am not able to say, but whatever the event is, it is clearly a matter that concerns me and it concerns the government.

**Ms CHAPMAN:** Is it your intention that you will move an amendment to the victims of crime bill that is currently before the parliament to accommodate that?

**The Hon. J.R. RAU:** No, I do not think that is really where it probably sits. There could be a range of things. There are many ways in which you could tackle domestic violence and I have given some thought to this. One of the ways which is often advanced is to have better perpetrator programs.

**Ms CHAPMAN:** Any would be a good start.

**The Hon. J.R. RAU:** I think the courts are doing some work in that space, and I commend them for that. It is something that I have been thinking about and I really do need to get detailed legal advice about whether or not the current configuration of section 31 would enable us to do something like, for instance, funding some sort of perpetrator management or behaviour modification program.

Whilst I am personally satisfied that that would be a very appropriate use to which one might put some of those funds, whether or not it is a matter of law within the scope of the current wording of section 31 is a moot point. That, for example, is one of the things we are looking at. It comes down to this: is an expenditure, which has the effect of reducing the number of victims, an appropriate expenditure from the Victims of Crime Fund, as opposed to an expenditure directly on a victim?

**Ms CHAPMAN:** The question is: does money allocated to the reform of perpetrators have sufficient nexus with victims—

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

**Ms CHAPMAN:** —to actually justify the application of the funds from a Victims of Crime Fund?

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

**Ms CHAPMAN:** Whilst I am not making an adverse suggestion that perpetrator programs are not meritorious (I think there is a lack of them, in any event), ultimately there is accumulating fund here. My next question is: has there been any consideration of reducing the levy, which was massively increased a few years ago, which has resulted in this fund blossoming in its bottom line?

**The Hon. J.R. RAU:** In relation to that, I really think it is appropriate for me to suggest that you refer that question to my colleague the Treasurer.

**Ms CHAPMAN:** I will be asking the Treasurer some questions about this. In relation to that aspect—because you are in charge of this fund—have you put any recommendation or are you proposing yourself that there be a reduction in the levy as a result of this burgeoning balance?

**The Hon. J.R. RAU:** I do not recall having put forward such a proposal. There are two perspectives on this fund: one is mine and one is the Treasurer's. I would invite you to canvass your thoughts on this topic with the Treasurer.

**Ms CHAPMAN:** I am happy to do that; but in relation to your position on it, as the Attorney-General, who is in charge of the fund, whilst I accept that you are giving some thought as to how you might also spend the money on some other programs, have you given any consideration to recommending that there be a reduction in the levy or at the very least some capacity to suspend the operation of the levy, for example with juvenile offenders?

**The Hon. J.R. RAU:** I do not believe that I have taken such a matter up. Can I say, to be perfectly frank with the deputy leader, that were I to take such a proposal forward it would be a proposal that I would need to take forward in the context of budget conversations, and from the point of view of the Attorney-General's Department it would be in no way materially different from me seeking new money.

**Ms CHAPMAN:** Is it not surely materially different? Here you are supervising a fund, which is accumulating, and we will come in a moment to how that might benefit the Treasurer's bottom line. But you are in charge of this fund, you are responsible for its operation and, obviously, its application. As Attorney-General, if you felt that the levy was at such a level now that it far outstripped its responsibility in annual payments out, you could recommend that it go back to, or at least be reduced, or relief be given, for example to youth offenders, who, as I am sure the Attorney is aware, frequently cannot pay the levy and are obliged by law to pay the levy on every offence on which they are convicted.

**The Hon. J.R. RAU:** A couple of points: the first one is that I do not know, and I do not know whether there is any material held anywhere within government which can provide any information about the extent to which the increase in the levy has contributed to a reduction in criminal behaviour. I guess that is a function of the extent to which any fine or monetary penalty is a deterrent. To the extent that there has been a deterrent effect by increasing penalties, I guess the existence of the levy in its higher manifestation also is a contributor to a deterrent effect in the criminal justice area.

The second point I need to make is that, so far as the budget is concerned, this fund is treated as being on budget; therefore, any adjustment to the fund, either in terms of moneys in or moneys out, would be a matter which would be reflected in the bottom line in the budget, and it would therefore require me to take that matter through the budget process in order for me to have permission from cabinet to make any such adjustment.

**Ms CHAPMAN:** And that, in short, means that, if you put up a proposal, cabinet have to consider what Treasury's view is, and its implication, on your recommendation.

**The Hon. J.R. RAU:** Amongst other things, yes.

**Ms CHAPMAN:** Are you aware, Attorney, of the problem I am talking about, that is, of youth offenders frequently not being able to pay?

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

**Ms CHAPMAN:** One of your other portfolio responsibilities here under A-G's of course is the fines unit, which is now across in your department, and you collect all the money.

**The Hon. J.R. RAU:** As much as we can, yes.

**Ms CHAPMAN:** And that includes the levy?

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

**Ms CHAPMAN:** Did you say that there has been some work done on the question of whether there has been any deterrent benefit effect identified on paying the levy as distinct from fines?

**The Hon. J.R. RAU:** No. All I say is that, at a conceptual level, the imposition of a fine as a penalty, amongst other things, is presumed to have, I guess, according to the criminologists, some form of deterrent value. My only point was, if you add an increment onto that fine and call it a levy, and it has the effect of increasing the fine, there is some related incremental increase in the deterrent value of the package, that is all. I do not know what that value is.

**Ms CHAPMAN:** As to the position of the fund, of course it provides a balance in the assets, I suppose, of the government at any one time of these funds.

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

**Ms CHAPMAN:** So, unsurprisingly, treasurers like to keep them flush. I do not think there is anything unusual about that.

**The Hon. J.R. RAU:** That has been my experience.

**Ms CHAPMAN:** So, I take it that the process that you have just described, for example, in presenting your legislation following through on the election promise on the increase in the fund, also required Treasury approval as such—

**The Hon. J.R. RAU:** It did.

**Ms CHAPMAN:** —to the extent of it actually being able to progress as a bill.

**The Hon. J.R. RAU:** It did.

**Ms CHAPMAN:** In consideration of that, it sits on the balance sheet. Is there interest from that fund?

**The Hon. J.R. RAU:** Interest?

**Ms CHAPMAN:** Accumulated on the investment.

**The Hon. J.R. RAU:** Is it invested, in other words?

**Ms CHAPMAN:** Yes.

**The Hon. J.R. RAU:** I believe so.

**Ms CHAPMAN:** Who gets the interest?

**The Hon. J.R. RAU:** The fund and, I suppose, that means my colleague the Treasurer.

**Ms CHAPMAN:** Alright. Perhaps we will deal with that later in the legislation.

**The Hon. J.R. RAU:** Can I check that though just to make absolutely certain? Those who are advising me are telling me, yes, there are earnings on the fund. My assumption is those earnings accumulate within the fund, but I will check it.

**Ms CHAPMAN:** Yes, thank you. Just in relation to your other areas of responsibility, I mentioned ex gratia payments before.

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

**Ms CHAPMAN:** I appreciate that these can be for various things.

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

**Ms CHAPMAN:** My first question is: did you approve any ex gratia payments in the last financial year, 2014-15?

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

**Ms CHAPMAN:** If you do not have it in front of you, the total payment?

**The Hon. J.R. RAU:** Beg your pardon?

**Ms CHAPMAN:** If you do not have it in front of you, can you take on notice the total payment?

**The Hon. J.R. RAU:** Total payment?

**Ms CHAPMAN:** Yes, that you approved.

**The Hon. J.R. RAU:** Can I just make a point here: I think I can give you much more helpful information if you can be a little more particular in your question. Let me explain: I have a whole range of applications for ex gratia payment. To give a hypothetical, if somebody is the victim of a home invasion and the victims of crime commissioner determines that it would be of assistance to that individual to put a security door on the front of their house, for instance, and the victims of crime commissioner says, 'I would like \$800 (or whatever it might be) to put a security door on Mrs Smith's house,' that is one type of thing that might happen.

Or, a person is killed in tragic circumstances and it comes to the attention of the victims of crime commissioner that there is a request that the body be repatriated from Adelaide to wherever, and perhaps even that relatives fly to Adelaide to collect the body and take the body to wherever it is, again, that might be a matter that the victims of crime commissioner thinks is appropriate to provide some support towards. That is one class, and there can be almost anything in that class.

Then there is another group of people who are the children in state care people, and they are still working their way through the system. As at 30 June 2015, I am advised that there was a total of 177 applications for ex gratia compensation and, as at 30 June, a total of 97 had been

approved. Offers were made to these and, of the 97 approved, 87 of those people had accepted offers, and I gather there had been payment to those 87. As at 30 June, the total ex gratia compensation offers had been an amount of \$1.3145 million and the total number of payments had been \$1.2185 million.

**Ms CHAPMAN:** Sorry, \$1.218 million?

**The Hon. J.R. RAU:** \$1,218,500 has so far gone out to those people. Of the 14 applications received in 2014-15, nine applicants had not given evidence or made a submission to commissioner Mullighan. As at 30 June, 10 applications are on hold because the allegations of abuse have been referred to the police and the applicant is seeking compensation first from another institution for other reasons.

In addition to that, from time to time, completely separate to this, I might get an instance where a person has made an allegation against a person that, for one reason or another, has not successfully gone through the courts. That could be, for instance, because the alleged perpetrator has died before the matter could proceed to trial and therefore that person is technically not a victim of crime because there has been no conviction, or a key witness has failed to bob up, and in some instances I think it has even been the case that the alleged victim themselves has failed to give evidence for some good reason. Again, in those circumstances, occasionally those matters come to me as well. I am just trying to make the point that there is an enormous diversity of—

**Ms CHAPMAN:** Sure, and perhaps we are a little bit cross purposes, because these all relate to sort of harsh, unconscionable circumstances arising around a victim of a crime, and I understand that. Do you need the Treasurer's approval to pay out these ex gratia payments, either out of the Victims of Crime Fund or generally?

**The Hon. J.R. RAU:** They come to me personally, and I personally exercise a discretion in relation to these matters.

**Ms CHAPMAN:** But we are talking a few million a year.

**The Hon. J.R. RAU:** \$1.3 million or thereabouts. That was children in state care, I beg your pardon. Altogether do you mean? That was only state care kids.

**Ms CHAPMAN:** Yes, the victims of crime ones—the first ones you referred to.

**The Hon. J.R. RAU:** I will have to get it for you.

**Ms CHAPMAN:** If you can just get that, but in any event, they come to you personally and you do not require the Treasurer's approval?

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

**Ms CHAPMAN:** But are we talking about an amount which is less than \$5 million a year?

**The Hon. J.R. RAU:** I assume so, but I do not know.

**Ms CHAPMAN:** Do you currently pay it out of your budget, somewhere else in the Attorney-General's, or does it come out of the Victims of Crime Fund?

**The Hon. J.R. RAU:** I am advised it comes out of special purpose funds

**Ms CHAPMAN:** Special purpose funds?

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

**Ms CHAPMAN:** Is that including—

**The Hon. J.R. RAU:** It is an administered item under AGD, and it can include the fund.

**Ms CHAPMAN:** Sorry?

**The Hon. J.R. RAU:** It can include the Victims of Crime Fund.

**Ms CHAPMAN:** But you do not need the Treasurer's permission on that?

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

**Ms CHAPMAN:** I will go to other ex gratia payments, which, as Attorney-General, you have for the court matters. The most recent I can think of is the Constable Hoy case, where there had been an unsuccessful prosecution against the police officer. Has there been a request for an ex gratia payment for his legal costs?

**The Hon. J.R. RAU:** I would need to check.

**Ms CHAPMAN:** You are aware of the media around that, and the indication that he was seeking a substantial payment—I think over \$100,000—towards legal costs?

**The Hon. J.R. RAU:** One reads many things; whether the truth is amongst them is difficult to say.

**Ms CHAPMAN:** Matters of that nature, did you pay out ex gratia payments in the last financial year?

**The Hon. J.R. RAU:** Sorry, can I have that one again?

**Ms CHAPMAN:** Matters of that nature—that is, when you are giving ex gratia payments in respect of litigation, where there may be some unsuccessful—

**The Hon. J.R. RAU:** Again, I would have to check. I think that would be an uncommon event, but I would have to check.

**Ms CHAPMAN:** At this stage, then, if we could just clarify that you will identify whether there have been any applications by Mr Hoy or any representative of him—

**The Hon. J.R. RAU:** Yes, I cannot tell you off the top of my head.

**Ms CHAPMAN:** —and his case in particular as to what the outcome is of that; secondly, what the total amount of ex gratia payments, as uncommon as they may be, for 2014-15, and again the source of where those funds come from; and, finally, whether you require the Treasurer's approval to allocate that?

**The Hon. J.R. RAU:** I will take those all on notice. Can I make the point though that there is another completely separate—well, I think it is a completely separate proposition, and I just want to clarify that for the purposes of helping those who are going to be getting this information to be clear in their own minds what you are asking for. From time to time, the state is involved in litigation, as you would appreciate. Sometimes, that litigation is in respect of personal injuries claims or various other claims by individuals against the state.

There are certain levels of authority required, depending on the amount of money that is involved in the resolution of that claim, if it is resolved by way of settlement. There are certain tiers, if I am not mistaken, and those tiers require different levels of authority before they can be approved, and that depends on the quantum. I think, at the most extreme instance, they need to go to cabinet.

**Ms CHAPMAN:** Could you come back with the levels of approval?

**The Hon. J.R. RAU:** Can I make it clear that these are quite diverse. They could be a personal injuries claim, for instance, or they could be a native title claim, for instance, where we are talking a substantial amount of money. The different levels of delegated authority exist, and relatively low-level matters can be resolved by officers of the Attorney-General's Department within their delegated authority. You get to a certain point where that authority has to be cabinet.

**Ms CHAPMAN:** Yes, if I could have the threshold as to whether you need to have authority of any other minister (namely, the Treasurer, more likely), and/or cabinet, that would be fine. In the meantime, you are giving me that helpful information to identify that the claim in the Hoy case is for \$200,000, and so that in itself, if it has been applied for—and you are going to make some inquiries about that—as to whether that requires the Treasurer's approval, if you are to accede to a contribution of that order.

**The Hon. J.R. RAU:** I will find out. To the best of my knowledge, I was not aware that Constable Hoy was a victim of crime. I thought the allegation was that—

**Ms CHAPMAN:** I am not suggesting he was.



**The Hon. J.R. RAU:** —Constable Hoy was an alleged perpetrator of a crime, for which he was acquitted.

**Ms CHAPMAN:** Yes, that is right. As I was saying to you—quite separate from victims of crime—I am now talking about ex gratia payments that you might be called upon to make a contribution to as a result of cases of that nature. As you well know, there are situations where people will say, 'I was charged with murder, I shouldn't have ever been charged with murder, there's no chance to get a costs order,' and from time to time applications can be made to the Attorney-General to say, 'Fair crack of the whip: I need to have some compensation for this.'

**The Hon. J.R. RAU:** I understand, but can I just say again that it would be my expectation that the circumstances in which the state would be compensating an alleged perpetrator who was not ultimately convicted would be very uncommon.

**Ms CHAPMAN:** In the state litigation, that is, where the state, a department or a minister is involved in litigation in which the services in your Crown Solicitor's Office and/or the DPP, potentially, and/or the Solicitor-General may be active, could you identify to the committee, and take on notice if necessary, the number of cases that currently (and at 30 June if it is easier to identify) are active in which the state and/or department and/or minister is a party, either as a plaintiff or defendant or applicant or respondent?

**The Hon. J.R. RAU:** I will attempt to find that out, but can I just make it clear to the committee that it is not uncommon, though not necessarily correct, for ministers of the Crown to be frequently named or cited as parties to litigation.

**Ms CHAPMAN:** I appreciate that.

**The Hon. J.R. RAU:** Sometimes that is not even correct: it is inappropriate for that to happen. Unfortunately, I am regularly mentioned in court proceedings.

**Ms CHAPMAN:** That could be because of your conduct, Attorney. It could be because you just happen to have that role allocated to you. Freedom of information jumps to mind.

**The Hon. J.R. RAU:** It is frequently incorrect. The point I make is that, obviously, members of the cabinet who are holders of executive office are, by reason of their office, often cited in court proceedings.

**Ms CHAPMAN:** I appreciate that, and I also want to be clear—because there is one well-known case in which a member of the government is a party—I am not looking for where the state is a party in respect of criminal proceedings. I am looking in relation to civil proceedings.

**The Hon. J.R. RAU:** I will take it on notice, but I just make it clear to the members of the committee that this particular net will catch a lot of fish, and I am not quite sure how that is going to be of assistance to the deputy leader.

**Ms CHAPMAN:** In fairness, to the extent that we have a Crown Solicitor's Office and a Solicitor-General and a DPP, for that matter, although they are not likely to be captured in what we are talking about here necessarily, although his advice may be sought from time to time, in the cases which are being pursued or defended by the state or its ministers, there is a whole division of support.

I am not being critical of that, but I just make the point that a lot of your budget under the Attorney-General's Department is allocated, for example, to the Crown Solicitor's Office which is the in-house counsel to deal with a lot of advice in relation to the conduct of the government, not all of which culminates in litigation, thankfully, but I would like to have some idea of the number of cases pending as at 30 June. It can be as at present, if it is easier to obtain the data, but at a consistent point. I have no other questions.

**The Hon. J.R. RAU:** It might be of assistance to those who are going to be helping the deputy leader if we could have clarified whether we are talking about cases where proceedings have been filed or issued?

**Ms CHAPMAN:** Yes.

**The CHAIR:** We are looking at the member for Hartley for omnibus questions.

**Mr TARZIA:** The omnibus questions are:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2014-15 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 2014-15, please provide the number of public servants broken down into heads and FTEs 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 the financial year 2014-15, for all departments and agencies reporting to the minister, what underspending on projects and programs (1) was and (2) was not approved by cabinet for carryover expenditure in 2015-16?
4. Between 30 June 2014 and 30 June 2015, will the minister list the job title and total employment cost of each position with a total estimated cost of \$100,000 or more—(1) which has been abolished and (2) which has been created?
5. For each department or agency reporting to the minister, please provide a breakdown of attraction, retention and performance allowances as well as non-salary benefits paid to public servants and contractors in the years 2013-14 and 2014-15.
6. For each year of the forward estimates, provide the name and budget of all grant programs administered by all departments and agencies reporting to the minister and, for 2014-15, 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 grant and whether the grant was subject to a grant agreement as required by Treasurer's Instruction 15.
7. For each year of the forward estimates, provide the name and budget for each individual program administered by or on behalf of departments and agencies reporting to the minister.
8. For each year of the forward estimates, provide the name and budget for each individual investing expenditure project administered by or on behalf of all departments and agencies reporting to the minister.
9. For each department or agency reporting to the minister, what is the budget for targeted voluntary separation packages for the financial years included in the forward estimates by year and how are these packages to be funded?
10. What is the title and total employment cost of each individual staff member in the minister's office as at 30 June 2015, including all departmental employees seconded to ministerial offices and ministerial liaison officers?

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

**ELECTORAL COMMISSION OF SOUTH AUSTRALIA, \$5,819,000**  
**ADMINISTERED ITEMS FOR THE ELECTORAL COMMISSION OF SOUTH AUSTRALIA,**  
**\$45,000**

**Membership:**

Mr Speirs substituted for Mr Tarzia.

**Minister:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Justice Reform, Minister for Planning, Minister for Housing and Urban Development, Minister for Industrial Relations, Minister for Child Protection Reform.

**Departmental Advisers:**

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

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

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

**The CHAIR:** Minister, would you like to introduce your advisers?

**The Hon. J.R. RAU:** Yes. I am joined by the Electoral Commissioner, Kay Mousley, and the Deputy Electoral Commissioner, Mr Gully. And I still have the Chief Executive of the Attorney-General's Department, Mr Persse, with me.

**The CHAIR:** Are you going to make a statement here, minister?

**The Hon. J.R. RAU:** Only that elections are an important part of our democratic system.

**The CHAIR:** Is there a statement on the opposition side?

**Mr GARDNER:** No, only to welcome the commissioner to what I assume will be her final estimates, and I hope that it is a joyful experience for her. My first question while we are on the Electoral Commissioner—and, welcome again—refers to Budget Paper 4, Volume 2, page 48. The Administered Items identify two full-time equivalent employees, one of whom is, of course, the commissioner. What is the time frame for the appointment of the new commissioner?

**The Hon. J.R. RAU:** The time frame for the appointment of the new commissioner is, to some degree, in the hands of the parliament because the law provides that the Electoral Commissioner is one of those rare and privileged people whose appointment is filtered by the Statutory Officers Committee of the parliament; I think the others being the ICAC commissioner and the Ombudsman, if I am not mistaken. And so it is that we must wait for that committee to convene itself and to consider the matter of the progressing of an appointment of a successor. I am fortunate enough to actually be a member of that committee—much to the dissatisfaction of at least one individual I can think of—and it did come to my attention that there has been an attempt, in the last week or so, by officers of the parliament to convene a meeting of the committee. I am not exactly sure whether they have thus far been successful in finding a date when everybody can be present simultaneously.

**Mr GARDNER:** The ministerial statement you gave announcing the commissioner's retirement did not identify a date, just 'the later part of this year'. Do we have a date by which that must take place?

**The Hon. J.R. RAU:** I think—and I will check with the commissioner in a moment—that the idea was that the commissioner was keen to be as accommodating as possible on the time line that the committee had to follow. So my understanding is that the committee is attempting to do its business as expeditiously as possible and, once the committee has discharged its business, I understand that the commissioner is keen to fit in with whatever. But the commissioner's intention is to go on extended leave as from the end of August.

**Mr GARDNER:** Very good, and we wish her well for that. Budget Paper 4, Volume 2, page 51, under highlights it says 'Published election and statistics reports on the 15 March 2014 general elections.' I assume that is a reference to the commissioner's report on the 2014 state election, which to my knowledge is not yet a public document—and I stand to be corrected if that is mistaken.

**The Hon. J.R. RAU:** I gather it is on its way.

**Mr GARDNER:** It is now some time since the 2014 election has passed and last year in estimates I think the commissioner said they intended to commence the preparation of the election report in early 2015, so they would hope that 'by the middle of next year' they would have a report on the conduct of the election completed. It is now 'the middle of next year' from last year's perspective.

**The Hon. J.R. RAU:** I gather that the fact that two by-elections have occurred has required there to be a supplementary element, or a part 2, to the report, those being the Fisher by-election in December 2014 and the Davenport by-election in January 2015. I expect the report will be ready soon. In fact, apparently it was lodged with my office yesterday for tabling.

**Mr GARDNER:** Then we look forward to seeing it next week.

**The Hon. J.R. RAU:** It is coming soon.

**Mr GARDNER:** As it is in your office, will it be tabled in the parliament and then become a public document or are you planning on providing copies to people before then?

**The Hon. J.R. RAU:** Whatever the usual process is, I will follow it.

**Mr GARDNER:** We will look forward to seeing a scoop in *The Advertiser* any day now. The report includes the supplementary on the two by-elections, does it?

**The Hon. J.R. RAU:** It does indeed. Tantalisingly, I can see a copy from where I am, but I have not read it.

**Mr GARDNER:** Fortunately there are cameras in the gallery, so I am sure they are picking up of the fine detail.

**The CHAIR:** I hope not.

**Mr GARDNER:** I go to page 48 and the Workforce Summary. The 2015-16 budgeted FTE for the commission is 27.4, which is an increase of 7.7 from the figure two to its right, the 19.7 FTEs that was the actual in 2013-14. Can you explain that increase of nearly eight people, or 28 per cent?

**The Hon. J.R. RAU:** I am advised that these were permanent staff vacancies that were not able to be filled prior to the election.

**Mr GARDNER:** In last year's corresponding budget papers there were 21.5 FTEs budgeted and the estimated results in this year's budget papers are 25.9. Is there a reason for these extra FTEs above what was in last year's budget papers?

**The Hon. J.R. RAU:** I gather there has been no movement beyond the FTE caps. This is reflective of actual appointments within the existing FTE caps. There has not been a growth beyond the—

**Mr GARDNER:** No, but there was a growth beyond what was predicted in last year's budget. So, these positions that were vacant but were not identified in last year's budget papers have since been filled?

**The Hon. J.R. RAU:** Yes, I am advised that there has just been reasonably quick filling of vacancies.

**Mr GARDNER:** At what level have those vacancies been, if that advice is possible?

**The Hon. J.R. RAU:** I am told threes, fours and fives, if that is helpful.

**Mr GARDNER:** Perhaps for the *Hansard* record, can you identify that in slightly more detail?

**The Hon. J.R. RAU:** I believe they are known as ASO3s, ASO4s and ASO5s.

**Mr GARDNER:** Going to the following page, the net cost of services, the budget in 2014-15 was \$2.895 million and the final estimated result was \$4.4 million. There has been this net increase because of two by-elections, as identified. It also identifies on page 51 that there has been a carry-forward of state election activities and costs from 2013-14. Can you identify what that carry-forward of the state election activities and costs from 2013-14 was? This is things from the

March 2014 election that have been paid in the 2014-15 year. What were those carry-forward costs and why were they put into the following financial year?

**The Hon. J.R. RAU:** I will let the Electoral Commissioner respond directly on that.

**Ms MOUSLEY:** The carryover is related to the conduct of the analysis of ballot papers for both the state general election, the Fisher and Davenport by-elections and we also had the follow-up non-voter action that is required that falls into the following year as well. They are the carryover activities that we undertake and there is also some carryover of moneys associated with the capital expenditure requirements that we are completing with the database updates, etc. So, there are a range of activities included in that item.

**Mr GARDNER:** In relation to one of the things the commissioner just mentioned, the follow-up non-voter material, I recall from last year we had an interesting discussion about people being incorrectly served with notices about their failure to vote, including, I think, the commissioner herself, the Speaker and some other people. I believe the Speaker insists that he did in fact vote and I choose to believe him on this occasion. In relation to the systems errors that created all of these strange letters being provided, were any of those problems also encountered in the by-elections? Were there remedial actions taken to the systems to ensure that they would not be?

**Ms MOUSLEY:** I am not aware of any issues with the by-elections. The result of the general election information that we received regarding the anomalies with the non-voters database, they were remedied and we have had no issues with the two by-elections that were conducted.

**Mr GARDNER:** What were the extra expenses incurred by having by-elections on different days?

**Ms MOUSLEY:** I would not have the discrete figures of the variance between those by-elections being held on different days, but it created a degree of confusion for electors, particularly with the advertising. Also, a number of electors were concerned with the fact that they were not aware that it was compulsory to vote in the by-election. So, there were some synergies that would have been gained if they had been held together, we could have done more widespread advertising, but other than that there are direct standalone costs so that overall there would not be a big difference in the fact that they were held together or simultaneously.

**Mr GARDNER:** Given that with by-elections, as you have permanent staff at the Electoral Commission able to participate to a higher percentage of the total staff required in a general election (in a general election you have to employ thousands of casuals just to fill all of those roles), are you able to identify a discrete figure for the cost of each of those by-elections separately? How much did the Fisher by-election cost? How much did the Davenport by-election cost?

**Ms MOUSLEY:** At the moment, the by-election report has a total figure but, if you would like, I can get it broken down and give that question on notice.

**Mr GARDNER:** Thank you—and broken down discretely within each by-election and costs within that?

**Ms MOUSLEY:** Yes.

**Mr GARDNER:** Thank you. I think the member for Bright has a question or two.

**The Hon. J.R. RAU:** Can I make the point, for what it is worth, that we need to recall that the case of the Fisher by-election was occasioned by the tragic demise of former member Dr Bob Such and the occasion of the Davenport by-election was by reason of the member for Davenport, Mr Evans, retiring from the parliament to pursue other things at a time of his own choosing.

**Mr GARDNER:** I am reminded that on Saturday night I saw former treasurer Kevin Foley wandering around with some clients—

**The CHAIR:** Order! What budget line is that question relating to?

**Mr GARDNER:** It is the same budget line because—

**The CHAIR:** No, the member for Bright has a question. We only have half an hour.

**Mr GARDNER:** —in Port Adelaide and Ramsay by-elections were also held due to the voluntary retirement of members.

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

*Members interjecting:*

**The CHAIR:** Order! I just want to hear from the member for Bright.

**The Hon. P. CAICA:** So do I.

**The CHAIR:** Order! The member for Bright has a question.

**Mr SPEIRS:** My question is from Budget Paper 4, Volume 2, page 61, cash outflows, Electoral Districts Boundaries Commission. Work has not yet commenced on the redistribution, and the \$570,000 allocated to the redistribution had zero dollars expended last financial year and all has now been transferred to this financial year. My question is: what is the time frame for the Electoral Districts Boundaries Commission to get underway, hold hearings, produce a draft report and then deliver the final report?

**The Hon. J.R. RAU:** Some amendments were made to this a few years ago by my predecessor as attorney-general. Originally, the process was that within six months of a general election there needed to be commenced a process by which a new set of boundaries could be ascertained. My predecessor, for reasons I cannot now recall, thought that should be changed, and it was changed so that it had to be commenced within two years of the general election.

I think the reason for that, now that I am thinking about it, might have been that there was some thought that, if you had it too soon after the election, it might be that there would be too much speculation involved in population movements and other relevant data which had to be considered as part and parcel of the redistribution process. As you would appreciate, the redistribution, amongst other things, requires there to be a tolerance between the population of voters in each seat which is within 10 per cent, so the closer you are to the date of the next election the more likely it is that you will be able to accurately predict things like growth in one suburb, reduction in another suburb, opening up of this development or whatever. The answer to the question is: two years.

**Mr SPEIRS:** Do you have a date for when the draft report will be produced thereafter and the final report?

**The Hon. J.R. RAU:** I stand to be corrected, but historically it takes as long as it takes and there are certain variables in that, including how many hearings there need to be, how many submissions are received, and how many people choose to come along and make representations, but generally speaking it is within a year.

**Mr SPEIRS:** When will the chair of the EDBC be appointed?

**The Hon. J.R. RAU:** Again, that would be at a time closer to the process being initiated. That appointment is normally something that the Chief Justice of the Supreme Court attends to.

**Mr GARDNER:** Given that that process is to be initiated by March next year, within this financial year and that is why it is in the budget papers, and you have allocated \$570,000 to expend on the work that is going to be produced by the boundaries commission, does the government have any role in identifying the time frame at all, or are you leaving it entirely to the chief judge to determine what happens from hereon in? Does the Electoral Commission have any role, and the Electoral Commissioner as one of the members of the boundaries commission?

**The Hon. J.R. RAU:** To be honest, I do not know the answer to that question, so I will take it on notice.

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

**The Hon. J.M. RANKINE:** I just want to return to the issue of the two by-elections.

**The CHAIR:** Do we need to?

**The Hon. J.M. RANKINE:** Yes, I think we do.

**Mr GARDNER:** Is there a budget line?

**The CHAIR:** I will listen to the question and—

**The Hon. J.M. RANKINE:** Yes, there is, the same one that you used.

**The CHAIR:** Order!

**The Hon. J.M. RANKINE:** Can the commissioner or the minister confirm that the calling of the by-elections was the responsibility of the Speaker of the house, not the government, and that at the timing of the calling of the Fisher by-election there had been no resignation for the seat of Davenport?

**The Hon. J.R. RAU:** That is a very good question that the member for Wright asks, actually.

*Mr Gardner interjecting:*

**The CHAIR:** Order!

**The Hon. J.R. RAU:** If I am not mistaken, the member for Wright—

**Mr GARDNER:** If it is not within the purview of the Attorney it is not within the budget either.

**The CHAIR:** Order! There is only one person speaking at the moment, and that should be the Attorney. I will suspend the committee if you keep interjecting—both sides.

**The Hon. J.R. RAU:** The member for Wright is correct: it is a matter for the Speaker of the House of Assembly to determine the timing of a by-election, not the government; that is quite correct. The second point, I would have to check, but my recollection is in accordance with that of the member for Wright, and that is that at that point in time, when that Fisher by-election was upon us, there had not yet been an actual resignation, although there may or may not have been some speculation about it coming.

**The Hon. J.M. RANKINE:** So, to be clear, the member for Fisher, sadly, had passed away, and so we needed to have a by-election for that seat. The former member for Davenport, Iain Evans, came out and said that at some time in the future he was going to be standing down, but did not indicate a time. My recollection of media at the time was, 'Trust me, I will resign,' so it would be very difficult, I think, to coordinate by-elections based on, 'Trust me, I'm going to resign at some point in time,' when in fact he had stood for the election only a few months earlier.

**The Hon. J.R. RAU:** Well, look, I do not think I can beat that.

**The CHAIR:** Okay; we have got some more questions on my left.

**Mr GARDNER:** I refer to Budget Paper 4, Volume 2, page 49. For the state election management systems identified for completion in June 2017, the total project cost is \$1 million. Can you confirm if that is the same management system that is identified in Budget Paper 5, page 31, as the Electoral Commission information systems at a total cost of \$1.1 million? If it is the same, is there any simple explanation as to why it seems to be more expensive in Budget Paper 5 than it is in Budget Paper 4?

**The Hon. J.R. RAU:** We will take it on notice.

**Mr GARDNER:** In relation to the management system that is due to be complete by June 2017, has the system been tendered yet? Is it going to be delivered by private providers? Is it delivered by a government department? How is that going to be procured?

**The Hon. J.R. RAU:** We will take it on notice, but I understand it is being done internally. It is apparently not a huge system. But we'll take it on notice.

**Mr GARDNER:** Being done internally within the Electoral Commission, within the Attorney-General's Department, or within the government more broadly?

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

**Mr GARDNER:** So, \$1.1 million is for what purpose? Is it for staff, is it to buy new computers, is it to upgrade old computers, new software?

**The Hon. J.R. RAU:** I am advised that it is to develop software.

**Mr GARDNER:** To develop software? Are there software analysts and IT experts within the commission who are doing that software? Perhaps if you want to take it on notice, I am happy to get a breakdown of what the \$1.1 million is being spent on.

**The Hon. J.R. RAU:** We will get you a comprehensive answer to that.

**Mr GARDNER:** Will this new system have the capacity to cope with potential changes to the Electoral Act if they were to be complicated? To put it another way, how long will the Electoral Commission require, if for example there were to be changes to the Legislative Council voting system, to update their systems in order to have them ready for a general election?

**The Hon. J.R. RAU:** Very good question. That question actually depends very much on what changes there might be to the Legislative Council voting system. If the Legislative Council voting system were to change to the highly regarded, internationally esteemed Sainte-Laguë method, which is used in many Scandinavian countries and places such as that, it is my belief, and I stand to be corrected by the Electoral Commissioner, that preschoolers could count the ballot—simply. In fact, I think even my cat could count it. It is a very, very simple system and requires very, very little in the way of IT horsepower to count. It is a marvellous system, for a whole bunch of reasons, not least of which is the fact it is so simple.

**Mr GARDNER:** So, not long, is the answer if it was Sainte-Laguë, but—

**The Hon. J.R. RAU:** Very, very quick. In fact, I think, if I am not mistaken, I did raise this with the Electoral Commissioner a while ago and she said it might be days—or very quick, extremely quick.

**Mr GARDNER:** Okay, but with an optional preferential, for example, it would take a year to change the systems?

**The Hon. J.R. RAU:** It is a magnificent system—I just wanted to emphasise that to everybody. Those of you who like simplicity like, who like clarity—

**Mr GARDNER:** You can take another five minutes to do so, if you want to run it out.

**The Hon. J.R. RAU:** I cannot emphasise enough to everybody here how magnificent this is. Of course, the other great advantage of such a system is it avoids the absurd collision between preferential voting and the proportional representation system where you have a collision between the most liked and the least disliked and you have this sort of mathematical collision—

**Mr GARDNER:** How will it affect the Electoral Commission's computer system?

**The Hon. J.R. RAU:** —resulting in chaos, as we can see in Canberra now. Of course, S-L would completely eliminate that because of the total simplicity of the system and the clarity of the system. If those of us who have been reflecting perhaps, as some of us have, on the antics of the commonwealth parliament, particularly over the last few years, could just reflect on what a magnificent serenity would be introduced into that place by S-L, it just makes you feel warm.

But if you were to go for a more flawed alternative, and one could reflect perhaps on things like optional preferential voting, for instance, it would be very complicated and could take a lot of time, money and expense to be able to deal with it. It would definitely take time, because I can say this: when, before the last state election, there was some talk of the possibility of legislation which would have introduced optional preferential voting for the then forthcoming election, which I think was in November or thereabouts of 2013, my recollection is the Electoral Commissioner was very concerned that, were that to have been introduced at that point in time, it would cause major concern in being able to count such a ballot.

**Mr GARDNER:** Given that the methodology of optional preferential is widely used around Australia and given that this is a question that has clearly been discussed by the Attorney-General and the Electoral Commissioner, based on that answer, are you able to outline a time frame by which the parliament would need to contemplate changes for the computer system at the Electoral Commission to be able to count votes in a way that is done all around Australia?



**The Hon. J.R. RAU:** Again, it would depend on what the system was. If the parliament went for the highly regarded and universally acclaimed system of Sainte-Laguë—

**Mr GARDNER:** The question was specifically optional preferential, sir.

**The Hon. J.R. RAU:** —it would be able to be dealt with very quickly. Pardon?

**Mr GARDNER:** The question was specifically to optional preferential.

**The Hon. J.R. RAU:** Again, it would depend on which variation of that theme, because optional preferential has a number of variants, but to properly prepare a computer system to do that would take at least 12 to 18 months.

**The CHAIR:** Are there any omnibus questions that you want to read into this—

**Mr GARDNER:** The omnibus questions apply to the whole of the minister's—

**The CHAIR:** I was just going to ask if we can count them for all lines; okay. There being no further questions, I declare the examination of proposed payments completed.

*Sitting suspended from 12:29 to 13:30.*

#### **ATTORNEY-GENERAL'S DEPARTMENT, \$109,678,000**

#### **ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$98,533,000**

##### **Membership:**

Mr Marshall substituted for Ms Chapman.

Mr Knoll substituted for Mr Gardner.

##### **Minister:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Justice Reform, Minister for Planning, Minister for Housing and Urban Development, Minister for Industrial Relations, Minister for Child Protection Reform.

##### **Departmental Adviser:**

Mr G. McCarthy, Chief Executive, ReturnToWorkSA.

**The CHAIR:** We are looking at ReturnToWorkSA—the Minister for Industrial Relations through the Attorney-General's Department. I declare the proposed payments open for examination and refer members to the Agency Statements, Volume 1, and ask the minister to introduce his adviser.

**The Hon. J.R. RAU:** I have with me Mr McCarthy, who is the Chief Executive of ReturnToWorkSA.

**The CHAIR:** Are you planning to make a statement?

**The Hon. J.R. RAU:** I just want to say a couple of quick things which are more in the nature of an overview, really, but I do not want to take much time up. Just as a little bit of background as to where we have been and where we are, as at 30 June 2013, WorkCover's unfunded liability was \$1.366 billion with a funding ratio of 63.7 per cent and an estimated break-even premium rate of 3.44 per cent. The average premium rate was 2.75 per cent. In other words, the scheme was losing money.

The first stage of reform of the scheme was completed in 2013 with implementation of the Workers Compensation Improvement Project recommendations, which saw a new charter and

performance statement, and also saw amendments to the WorkCover Corporation Act to increase board accountability. These came into operation on 21 November 2013. In late 2013, WorkCover increased its active management of the scheme. As at June 2014, the unfunded liability had reduced to \$1.132 billion with a funding ratio of 71 per cent and an estimated break-even premium rate of 3.13 per cent. The average premium rate remained at 2.75 per cent.

The Return to Work Bill 2014 and the Employment Tribunal Bill 2014 were passed by both houses of parliament on 30 October 2014. As at December 2014, the new scheme was fully funded at 100.7 per cent with a \$20 million net asset position. The average premium rate for 2015-16 is 1.95 per cent. Just to make that clear, then, since 2013, we have managed to move the unfunded liability from \$1.366 billion to plus \$20 million, achieved full funding, and the average premium rate as an actual average premium rate reduced from 3.44 per cent down to 1.95 per cent.

By the end of June this year, and again reflecting the very fine management that has been operating in the new return-to-work scheme, some interesting indicators are as follows. Income support costs for 2014-15 (and bear in mind that in 2014-15 we are still on the old scheme) are 20 per cent below the equivalent levels in 2013-14.

**Mr MARSHALL:** What did you say was 20 per cent lower?

**The Hon. J.R. RAU:** Income support costs; in other words, how much we are paying out for weekly wages to people. Medical treatment costs have been reduced by 6 per cent compared with 2013-14. Physiotherapy costs are down by 34 per cent compared with 2013-14. Income support claims for the year to date were 19 per cent below 2013-14, and the number of income support claims moving past two, 13, 26, 52 and 132 weeks have had reductions of between 20 and 29 per cent.

I emphasise, all of those are under the old scheme, so all of those are indications of improved management and the effects of the changes we put in a year before, changing the management system and the charter. The return-to-work scheme which started on 1 July this year represents the most substantial change in work injury insurance in South Australia in nearly 30 years, and it will provide benefits both to people in the workforce and, obviously, to employers.

Can I just make the point now, although it is probably a little bit more relevant for later on, that changes in the system for insurance for injured people at work is not the end of the reform that I think needs to occur in this space. What we are doing here is saying, 'Okay, when there is a failure in the system and a person gets injured, what do we do with them? How do we get them back to work? How do we make sure they do not lose money?' That is what we are dealing with here.

The next and obvious step we have to look at is stopping them getting injured in the first place. So, the other piece of attention that we are paying presently is to SafeWork SA to see if we can improve the way they perform, so that even fewer people wind up getting into this scheme than presently get into this scheme. That is an ongoing piece of work.

**Mr MARSHALL:** I thank the minister for his opening remarks and his catalogue of how he has improved the mess that WorkCover has been in in the past. I think even the government would admit it was a scheme which was running extraordinarily poorly, and there have been some significant improvements in the management of the scheme in recent times, but they are really correcting problems that have been allowed to occur and build up over the preceding decade.

Can I say that the opposition has wholeheartedly supported the reforms in WorkCover and the new management structure. We support it in terms of legislation and we supported the new act. We did that because we thought that the current performance of the scheme was completely unsatisfactory, both for employers, and, importantly, for employees in terms of getting back to work.

We are happy to continue to work in a cooperative way with the government for further reforms because we do note that, even though there has been a very substantial improvement in the scheme, we have essentially only gone from the most expensive scheme in the country to the second-most expensive scheme in the country. So, there still exists considerable opportunity to get somewhere back toward the national average. Before we all pat ourselves on the back and congratulate ourselves on an outstanding performance, we are still the second most expensive scheme in the nation.

My questions will begin from Budget Paper 3, page 73, the paragraph referring to ReturnToWorkSA. In the minister's opening statement, he referred to essentially the writing off of the unfunded liability. When did that occur? Did that occur in December? Was there a balance sheet transaction?

**The Hon. J.R. RAU:** I think it might have actually happened in March. The actuaries sort of look back into the system, don't they?

**Mr McCARTHY:** It was the December valuation, so when the bill passed in October, that essentially completely restructured the financial liabilities of the scheme. So, at that point in time, the actuary was able to revalue the scheme, notwithstanding the fact that the new legislation actually did not start until 1 July 2015. The December 2014 evaluation was then able to take into account what the future liabilities would be reflecting the new legislation.

**Mr MARSHALL:** The minister has spoken previously about the break-even rate, and then also the actual rate that was charged. In terms of the rate which is charged going forward, the minister has made it clear that it will be 1.95 per cent, but can you update the committee as to what the break-even rate is going forward?

**Mr McCARTHY:** That is the break-even rate as at the December valuation, but we will shortly be doing the June valuation. At that point in time, we will be able to see where that break-even premium rate resets itself, given the additional six months' worth of history that we have experienced since December.

**The Hon. J.R. RAU:** Can I say that the object has always been, as far as Mr McCarthy and I have been concerned, that the scheme should be entirely self-funding and it should not be losing money, which it was. Now the break-even premium rate and the actual premium charged are intended to be identical. It may be that from time to time the valuations of the scheme will blip around a bit because of things like discount rate charges, and whatever, but I am pretty confident that the architecture of the thing is such that we should not be going above its present number. It may well go below its present number and, if it is sustainably below its present number, that would suggest that over time the premium would come down.

The other thing I want to make clear because I did not do it in the beginning is that I acknowledge the support the government has had from the opposition, in particular, the Leader of the Opposition, for the reform in this area, and it is a good example of a cooperative exercise between the government and the opposition. Can I say that, like the Leader of the Opposition, I do not regard the present improvements as being the end of the story and I am certainly not jumping up and down saying we have conquered the whole thing. I am saying we have made a good start, but we have to keep at it. We cannot be satisfied with just what we have done so far.

**Mr MARSHALL:** For clarity, the current rate charged does not create an ongoing accumulation or liability—it is at the break-even point—and you will be receiving a new actuarial advice to the end of June? If that is the case, can you outline when that will be provided and when it will be made public?

**Mr McCARTHY:** Yes, it will be released when the accounts are released in September. We will know at that point. The actuary is still working through it at the moment, so we do not know what the outcome of it will be. I can tell you that we have seen continuing improvements in the scheme since December and I am optimistic that we will see continued improvements in the scheme but, until we get the actual numbers from the actuary, I cannot be more definitive than that.

**Mr MARSHALL:** If that break-even point comes in at below 1.95 per cent, is it the government's intention to immediately reduce the rate or is it the government's intention just to have an annual setting of the rate?

**The Hon. J.R. RAU:** It is basically a matter for the board but, normally, it is an annual setting of the rate and it is done at around December for the following financial year.

**Mr McCARTHY:** The December accounts are when the actual average premium rate is determined for the purpose of premium setting. The June valuation is for the annual accounts but,

for the purposes of evaluating the break-even premium rate or the average premium rate for premium purposes, that is done at the December valuation.

**Mr MARSHALL:** But is it the intention of the board, then, just to have one rate setting per year, even if, for example, the actuarial advice comes in that you have made further improvements in the scheme, the break-even point is significantly lower than the 1.95 per cent and it is closer to the national average? WorkCover would not adjust the rate but would just set it once a year and provide an accumulation on the balance sheet of WorkCover?

**Mr McCARTHY:** The premiums are collected once a year. Even though they might be collected in monthly instalments for some people, the actual premium is calculated at June. If we were to make a decision to reduce the premium rate based on the June valuation, that would not come out until September, at which point we would have already collected the premiums for this year. To actually determine the premium rate now when we will not be collecting the premiums, if you like, until June next year would be premature. That is why we are better to wait until December because we expect that in December we would see further improvements in the scheme which would give us an opportunity to perhaps have greater opportunities for premium reductions.

**Mr MARSHALL:** Do all comparable schemes around Australia operate on the same basis with just the one per year rate?

**Mr McCARTHY:** Victoria does, New South Wales does not, but its premiums are actually set annually, the same as here. So, in New South Wales and Victoria they have a once a year setting of the premium, but the employees are able to renew their policies at the time they take the business out, whereas here in South Australia everybody renews at the same point in time.

**Mr MARSHALL:** If there is an accumulation on the balance sheet, a surplus—and I know this is almost impossible to believe in South Australia, but if there was, what options are open to the board in terms of that money? Does it just accumulate and therefore affect the rate going forward or are there other opportunities open to the board in terms of transferring those funds to general revenue?

**The Hon. J.R. RAU:** I will let Mr McCarthy supplement what I am about to say, but, first of all, there are any number of ways that a surplus of the type that you are talking about might be utilised. For example, the scheme might hold some money in contingencies for under performance in its investment arm, for example, and that might be a prudent business decision for the board to make.

Conceivably the money might be applied to change the prudential margin applicable to the scheme. It is a sort of a function of both of these things in some respects, I suppose, but it is the case that if the scheme has more money it can, perhaps, recalibrate its investment portfolio strategies, because if you have a scheme which has got a lot of debt or needs to perhaps put its hand on cash pretty quickly, that does explain a lot about the investment portfolio strategy it might be using. If they are not in that particular circumstance they have alternatives in terms of the types of investment that might be sustainable.

**Mr McCARTHY:** There are two clear objectives that I think the new legislation has. One of them is the more subjective element, which is the hardest one to manage which is the better health outcomes. The other one is a much more affordable scheme. The 1.95 per cent is the starting point for that, and the objective, as I understand it, is not to build up massive amounts of surpluses but to see this scheme become as affordable as it is in other jurisdictions. I think that probably answers the question that you are looking for.

**Mr MARSHALL:** I am just wondering what the options are. Is there an option like there are in other statutory authorities for money to be transferred to general revenue?

**Mr McCARTHY:** There is an option in the current legislation that has been approved that if the scheme—and I will need to get this right, and I can come back to you with the exact details of it, if I could take that on notice. But essentially there is an opportunity for what is called a tax equivalent payment if the scheme is in an underwriting surplus. The scheme has to be in surplus, it has to be at 75 per cent prudential margin, or calculated on the basis that it had a 75 per cent prudential margin, and there has to be an underwriting profit. There is a little bit more to it than that but we can come

back to you with the exact details of that. So there has to be a few stars aligned, if you like, before there could be a tax equivalent payment made.

**Mr MARSHALL:** But who makes that determination? Is it the board or is it the Treasurer?

**Mr McCARTHY:** It is a black and white determination. It is actually in the legislation as to how that is determined. That is what I am saying to you: I can come back to you with the exact wording of that.

**Mr MARSHALL:** In other words, the legislation provides that if you do meet those three criteria you are not to accumulate and you are to transfer back to Treasury.

**Mr McCARTHY:** It enables what is called a tax equivalent payment to be made.

**Mr MARSHALL:** To your shareholder which is the state government.

**Mr McCARTHY:** The government.

**Mr MARSHALL:** Who is it that ultimately signs off on the rate of 1.95 per cent.

**Mr McCARTHY:** It is the board.

**Mr MARSHALL:** So the board makes a recommendation to the Treasurer.

**Mr McCARTHY:** No. The board signs off on that rate.

**Mr MARSHALL:** So there is no consultation with Treasury whatsoever with regard to the rate before you publish it?

**Mr McCARTHY:** There has been discussion with the government, yes, but ultimately it is the board's decision.

**Mr MARSHALL:** With other statutory authorities, where they have been able to say, 'Well look, we could either have an accumulation on our balance sheet or we could actually have a lower rate, for example, of CTP insurance in South Australia,' the government has said, 'We'll go for the accumulation.' That would not occur in WorkCover. You would not say, 'Look, we think we could take this to 1.75 per cent,' and the government says, 'We think we'll be prudent; we'll just stick it at 1.95 per cent. It will lead to an accumulation, it will trigger the three criteria and there will be a transfer to the government.'

**Mr McCARTHY:** That is correct. It is the board's decision; it is not the government's decision.

**Mr MARSHALL:** But the board consults with the government before publishing?

**Mr McCARTHY:** It discusses its decision on the rate with the government before it is published, yes.

**Mr MARSHALL:** And just for clarity, the government appoints all members of the board?

**Mr McCARTHY:** Yes.

**Mr MARSHALL:** I just thought I would ask that question.

**The Hon. J.R. RAU:** Can I just make it clear that, speaking from the government's point of view, we have no interest in the scheme building up a huge, fat bank. We do—

**Mr MARSHALL:** That is what they said, with respect, about the Motor Accident Commission. There is about to be an about \$2.5 billion transfer.

**The Hon. J.R. RAU:** I want to make it really clear that from my point of view, and from the government's point of view, there are two priorities here. One is to get injured workers back to work as quickly as possible and the other one is to get the premiums down as far as possible. To the extent that accumulating a big pot of cash in this scheme would delay or be an alternative to the reduction in premium rates, that would be something to which I would be opposed, to the extent that the board would bother wanting to chat to me about it. I think the charter—which is the standing KPIs, if you like, which are issued from time to time by me and the Treasurer jointly—make it pretty clear that our expectation is that that is where we want the scheme to go.

**Mr MARSHALL:** Yes, but you could say the same criteria and objects exist in the act for the Motor Accident Commission. Anyway, there is no point in continuing that, but I am glad that we have that on the record. I think that is exactly where we need to be. On the same reference, how are the historically low interest rates impacting the valuation of the scheme's—and they are not liabilities any more—currency, I suppose?

**Mr McCARTHY:** It does have an impact. Certainly, if interest rates were to return to what you might call historical norms it would have a significant ability for the scheme to further reduce our premiums.

**Mr MARSHALL:** Where they are sitting in a moment, though, does not pose any further threat to continued reductions—

**Mr McCARTHY:** They can go lower. Everybody has thought they are as low as they are. We have actually had an improvement in the discount rates for this June valuation over the December valuation, but they are all over the place at the moment. At this point the scheme can withstand what might be if we were to have a small reduction in the discount rate; we could withstand that.

**Mr MARSHALL:** Just for clarity, you manage those funds yourself internally?

**Mr McCARTHY:** Not the discount rate, we do not. We have no influence over it. The discount rate is—

**Mr MARSHALL:** No, but the funds under management are managed—

**Mr McCARTHY:** The investments are managed by ReturnToWorkSA, but we have no control over the discount rate.

**Mr MARSHALL:** Do you outsource that work to funds managers, or how does that —

**Mr McCARTHY:** Yes.

**Mr MARSHALL:** How many funds managers do you have?

**Mr McCARTHY:** Essentially we outsource it through Towers Watson to arrange the fund managers but, again, I think it would be best to come back to you with the exact details of that if I could.

**Mr MARSHALL:** I would be grateful. Are any of those fund managers South Australian fund managers?

**Mr McCARTHY:** No.

**Mr MARSHALL:** Have there been any discussions with Treasury and Finance about Funds SA taking over the funds management for ReturnToWorkSA?

**The Hon. J.R. RAU:** Yes, there have. There is a general view held by Treasury, in particular, but I think broadly across government, that there is some advantage in having government funds (for want of better terminology) dealt with as a single pool. That gives some sort of economy of scale and such like, and Funds SA is the main vehicle for the management of government funds. That said, I think there is an appreciation that ReturnToWorkSA is an organisation with its own discrete needs and requirements and that it may be reasonable for those funds to be managed by the state where the product is what ReturnToWorkSA is looking for. If that product is not there or if it is not at a competitive price then maybe the state is not the best place for it to be managed. So, I think those conversations are ongoing.

**Mr MARSHALL:** How has the ReturnToWork funds management performed relative to Funds SA management?

**Mr McCARTHY:** It has been better and in fact if Funds SA had been—

**Mr MARSHALL:** Perhaps you should be taking over Funds SA.

**Mr McCARTHY:** It is better because we have a different set of investment requirements, being effectively a long-tail insurance business rather than superannuation funds management. It is not to say that Funds SA could not manage the scheme in line with our portfolio requirements, but if

you are comparing it to the portfolio that they were managing for versus the portfolio we were managing for, we have done better. In fact, had we been using the Funds SA investment returns then we would not have been able to deliver a sub 2 per cent premium this year.

**Mr MARSHALL:** How much better have you been than Funds SA?

**Mr McCARTHY:** I would have to come back to you with the exact details on that, if I could. In terms of its impact on our ability to deliver a sub 2 per cent premium rate, it would have made that difficult, but I will come back to you with the exact details, if I could.

**Mr MARSHALL:** Are you performing better because the rules that you have for your investment decisions are different from other government investment frameworks?

**Mr McCARTHY:** All I can say to you is that we know exactly how we need to position our investments against our liabilities to match them and we get the returns in matching those liabilities as best we can and so we are specifically doing that. As I said, the liabilities that we have are very different to the liabilities that you would have as a superannuation fund. So, if Funds SA were to manage our funds they would need to recognise us as a discrete customer and recognise the need to match our investment returns against the liabilities that we have. It is not to say that cannot be done, but it is very different to the way they have been managing funds for their customers at the moment.

**Mr MARSHALL:** Does the state government have any role in overseeing your investment strategy? For example, does SAFA have any role in Treasury, Funds SA?

**Mr McCARTHY:** No, other than the normal audit process.

**Mr MARSHALL:** The normal?

**Mr McCARTHY:** Through the Auditor-General, the normal audit process.

**Mr MARSHALL:** Do you have a requirement for a percentage of your investments to be in South Australian assets or securities?

**Mr McCARTHY:** Not specifically, no.

**Mr MARSHALL:** What percentage of your investments are made in South Australia?

**Mr McCARTHY:** I will have to take that one on notice. I think we have answered that question previously but to be accurate I would like to take that on notice, if I could, please.

**Mr MARSHALL:** Okay. Thank you. Can the minister confirm what the work health and safety fee is for 2015-16?

**Mr McCARTHY:** In terms of the SafeWork SA fee, is that what you are talking about?

**Mr MARSHALL:** Yes, there is a rate and then there is also a fee. I presume, I am not familiar, but there must be an annual fee.

**Mr McCARTHY:** For this year, it is now calculated quite separately. The 1.95 per cent premium rate excludes the SafeWork SA fee, whereas there was a proportion of the SafeWork SA fee that was previously tied up inside the premium rate, which lacked transparency. So, as part of the ongoing fee the 1.95 per cent has no component for the SafeWork SA fee, excepting we do get a very small handling fee from SafeWork SA.

There is an additional 5 per cent that is added at collection time for SafeWork SA, but that is specifically for SafeWork SA. It is about 5 per cent of the premium, but that is not calculated by ReturnToWork SA; that is a number that is given to us by SafeWork SA which we then collect on behalf of SafeWork SA, and that goes out with the premium notices.

**Mr MARSHALL:** You currently have two claims agents. Did you renegotiate the contract with those claims agents in light of the new scheme starting on 1 July?

**Mr McCARTHY:** It is being done right now.

**Mr MARSHALL:** That has not concluded yet?

**Mr McCARTHY:** No, because they are annual contracts. They are not financial year contracts, they are annual, so we negotiate those by the end of September to be ready to come in for 1 January.

**Mr MARSHALL:** If it is an annual contract, can you confirm what the payments to the two claims agents were last year?

**Mr McCARTHY:** I can, but I need to be accurate on that. I would like to take that on notice if I could.

**Mr MARSHALL:** Either last calendar year or last financial year would be helpful. Would you envisage that the workload for the claims agents going forward would be significantly diminished under the new scheme than the old scheme, and is this the reason for the revision of the contract?

**Mr McCARTHY:** There are two reasons for the revision of the contract; one is that there will be a change in the type of service they provide, in that there is a reduction in the long tail nature of the claim. So, yes, we would from July 2017 onwards, which is the two-year run-off for the old scheme. We have a transition period where we will get the old scheme running off and the new scheme building up, but from July 2017 onwards, yes, we would envisage that there would be a reduction not so much in the activity but in the resources required. It is a much smaller scheme, so to speak. We are renegotiating the contracts around the fees for the type of service that will be required, but also being very specific about what that service is.

**Mr MARSHALL:** The negotiation that is going on at the moment, is that on an ongoing basis or do you renegotiate them on an annual basis?

**Mr McCARTHY:** It will be until the contracts expire. The contracts actually expire in July 2017.

**Mr MARSHALL:** That is exactly the same time as you are envisaging that there will be a significantly diminished workload. Has there been any discussion about the transfer of any other work from the ReturnToWork organisation to those entities to compensate or to give them additional work in lieu of a diminished workload going forward?

**Mr McCARTHY:** They have certainly asked us questions about what other opportunities there might be, but there has been no decision made around if anything might be able to be done in that space, but it is certainly a question that they have asked.

**The CHAIR:** I have just had a message that we should be directing our questions through the minister, but we all know what we are doing. We are looking at you first and then you have to direct—

**Mr McCARTHY:** Sorry.

**The CHAIR:** No, that is alright. We just need to be procedural.

**Mr MARSHALL:** Who is sending these messages?

**The CHAIR:** The ether. Anyway, next question.

**Mr MARSHALL:** I have completely lost my place now with the ether interfering.

**Mr McCARTHY:** You were asking if there was any consideration around additional work.

**Mr MARSHALL:** You are saying that it has not been finalised, that there has been an approach but negotiations are still taking place. I am interested to know whether there was any increased activity in the lead-up to 30 June this year, either in terms of claims submitted or redemptions sought.

**The Hon. J.R. RAU:** The answer to that is yes to both.

**Mr MARSHALL:** Can you give us a bit more detail on that, minister?

**The Hon. J.R. RAU:** I will let Greg say a few things about this in a moment. I made it fairly clear to Greg and to the board my view, and I think ultimately they came to a similar conclusion—



that it would be useful for as many people who were long-term claimants on the scheme as possible to be removed from the scheme voluntarily before the new scheme came into operation.

What had been a previous policy embraced by WorkCover, of basically no payouts for people to get them off the scheme—no redemptions—was changed for the purposes of making a once in a lifetime offer for the tail of the old scheme. Offers went out to about 1,200-odd people, originally, something in that order. As at the present time, about 520 have been paid out by way of redemptions, another 155 have indicated that they will accept an offer but are still working through the odds and ends of the process, and another 159 have indicated that they would reject the offer of redemption.

I think the attitude that has been taken is that for every one of those people we can separate from the scheme and let them get on with their lives, that is good for them and it is good for the scheme, and it also means that come two years' time they are not going to get a sudden moment when they realise it is all over. So, yes, there has been a deliberate policy to try to deal with those people and give them an opportunity to remove themselves from the scheme, and many of them have taken that up.

**Mr McCARTHY:** Just to answer your question, about whether there been a sudden influx in new claims, the answer is, no, we have actually had a reduction in claims.

**Mr MARSHALL:** No additional claims activity in the lead-up—

**Mr McCARTHY:** Claims activity, that is a different issue; in terms of new claims, no. We have certainly seen an increase in applications, particularly around the WPI assessment, because there were some strict time frames around that, as you would expect. So, it was not unexpected, but there certainly was a lot more activity in that space around the assessment.

**The Hon. J.R. RAU:** That is activity based on existing claims rather than an avalanche of new claims coming in; that is the point.

**Mr MARSHALL:** Yes, but I wonder whether that was taken into account with the actuarial advice in December.

**Mr McCARTHY:** Absolutely, it was, yes.

**Mr MARSHALL:** It was envisaged that there would be a flurry of claim activity leading up to the 30 June deadline?

**Mr McCARTHY:** Absolutely, yes; it has all been valued. I have been around the scheme for too long not to understand what the dynamics of change means.

**The Hon. J.R. RAU:** The other thing is that it is probably worth mentioning that the gateway provisions for the scheme are now different from what they previously were. I expect to see a continuing reduction in the new claim situation over time.

**Mr MARSHALL:** How does the average premium cost of 1.95 per cent compare with the equivalent cost of self-insurance in South Australia? Do you monitor that?

**Mr McCARTHY:** Yes, we do, but not in terms of working out an average, because they are all individual employers. What we can say is that if we compare what we would call our large employers, because that is what you compare them to—because the South Australian scheme is predominantly a small business scheme—and if you look at the performance of what I would call the larger employers, it is almost comparable. There are some very good performing employers that still insure within the scheme. They do very good job of managing their risk.

If you isolated out, for example, all the employers that pay over half a million dollars in premium, of which there are not that many—I think off the top of my head it is about less than 100, and, again, I can confirm that for you, but certainly less than 50 pay more than \$1 million—the performance of those employers is reasonably good. There are few exceptions to that, but we have had an active program of working individually with those larger employers to help them understand what is driving their behaviour and what they can do to fix that.

Essentially, what we have been doing with the new service model in the scheme is trying to mirror what those larger employers do, including self-insureds, about the way they get in early and

the way they support people in the workplace. That is the model that we are trying to mirror or emulate in terms of the mobile case management model we are rolling out to the small to medium employers.

So, what is it that employers that do things well do? They take control in the workplace, they mobilise quickly and they support both the employer and the injured worker when they get injured. That is what self-insureds do, that is what well-performing large employers do and that is what we are trying to emulate with the mobile case management model being rolled out to our small to medium employers. That is why we believe, since we started doing that a bit over 12 months ago, we have had these 20-odd per cent to nearly 30 per cent improvements in the various cohorts of return to work in the scheme.

**Mr MARSHALL:** How do you compare your rates compared to the LGA rate then?

**Mr McCARTHY:** I would have to have a look. I have not actually had a look at it as a rate. I would have to come back to you with that because we do not actually work out for self-insureds what their average premium rate might be because, as an employer, they would have a specific industry rate as opposed to an average across the scheme, but I could come back to you with that.

**Mr MARSHALL:** It is just that you said that you thought that the rate that you are charging is now comparable with people who are self-insured.

**Mr McCARTHY:** No, I didn't say that. I said that, if you looked at the large employers in the scheme, many of those perform very well and would perform comparably to self-insureds. Just simply being self-insured does not automatically mean that they perform well versus people in the scheme.

**Mr MARSHALL:** Do you envisage that, for example, there could be a flurry of self-insured employers returning to your scheme, and is that something you are actively seeking?

**Mr McCARTHY:** It is interesting that you say that. We have got a number, and I mean a number, of what I would call the smaller self-insureds. There are some people who, in size, would just naturally be self-insureds. This scheme is quite unique in that it has a very, very high number of self-insureds compared to other jurisdictions around Australia. There are many self-insureds in this scheme who, if it were not for the way in which the scheme has performed in the past, you would wonder why they would be self-insured.

I can say to you that a good number, and I mean a good number, of self-insured employers have approached us to help them understand what coming back to the scheme might mean for them. They are not the large ones, they are certainly not the ones who employ a couple of thousand of people, but the ones who employ one to 300 people certainly are looking.

**The Hon. J.R. RAU:** Can I just mention there, too, that there are a couple of factors that might lead some of those employers to consider doing that. One of the factors of course is that the scheme is performing better and the cost of the scheme to the employer is better. I think some people are looking at that and saying maybe that is competitive from a business point of view.

The second thing is that, if you are outside the scheme, you are still responsible for the long-term care of people who are severely injured. With people who are severely injured and are over 30 per cent WPI assessed, if you are outside the scheme, they remain your responsibility indefinitely, whereas if you are in the scheme then they are the scheme's responsibility. If you are very large like Coles or Woolworths or somebody, that is possibly not a big issue but, at some point in time, depending on the nature of the industry I suppose, people may consider whether or not it is better not to have that risk potentially on their books.

**Mr MARSHALL:** So, we have the interesting situation in South Australia where one insurance scheme run by the government we are basically turning over to the private sector and, in another insurance scheme operated by the government, we are going to go out and try to get people off the private scheme into the government scheme.

**The Hon. J.R. RAU:** They will vote with their feet if they think it is good but, yes, if they want to come back, we would love to have them.

**Mr MARSHALL:** What administration fee is paid to ReturnToWorkSA by self-insured employers in South Australia?

**Mr McCARTHY:** Can I take that on notice? I will come back to you with the exact figures.

**Mr MARSHALL:** Do you know how that fee is calculated?

**Mr McCARTHY:** Yes, we do. I will need to come back to you with that. It is a formula, so it is not something I can just rattle off the top of my head.

**Mr MARSHALL:** Can you give an overview of the average premium spread with regard to different industries? Do you do that analysis and is that published? For example, do you publish a rate that the agriculture sector pays?

**Mr McCARTHY:** Yes, we do—absolutely.

**Mr MARSHALL:** You do. Is that in a schedule that can be provided to us?

**Mr McCARTHY:** Yes it is.

**Mr MARSHALL:** Thank you very much. Do you compare that to other interstate industry rates?

**Mr McCARTHY:** We can get comparisons of other industry rates, yes.

**The Hon. J.R. RAU:** Can I just mention something else, too, that I think is very impressive about what Greg and his team have done. They have got some pretty sophisticated computer tools available to them which actually produce proactive risk management opportunities for the corporation.

A whole bunch of data comes in from the insured group of people and there is a program which analyses that data and actually throws up flags for the risk management part of the business to actually say, 'Hang on, this employer looks like they need a bit of help,' and people actually go out there and speak to the employer. So, there is a proactive element to all of this as well, not just a reactive element.

**Mr MARSHALL:** I just have some questions regarding employee numbers, so if we could turn to page 86 of Budget Paper 3, which has got the schedule for full-time equivalents. It has the schedule there for ReturnToWorkSA. Can you tell me how many employees you had at 30 June 2014? I have the 2015 number here, which is 273.8 employees. Is that an increase or a decrease of where we were 12 months ago?

**Mr McCARTHY:** It is about the same, but I would have to come back to you with the exact numbers.

**Mr MARSHALL:** So there were no additional staff required during the transition period?

**Mr McCARTHY:** Only in respect of what I would call the ICT activity or IT activity. Obviously, we had additional contractor requirements in order to meet the demand for the scheme reform.

**Mr MARSHALL:** They were not employees of WorkCover; that was a contractual arrangement?

**Mr McCARTHY:** They were individually contracted or contracted through various means, but we did have to increase our capability in the area of IT in order to meet the very heavy demands placed on us for the IT needs in respect of the reform process, but that is essentially winding down now.

**Mr MARSHALL:** You are envisaging a substantial drop—about 10 per cent of your workforce—over the next 12 months but, interestingly, beyond the change of the scheme, which really simplifies as of 30 June, there is no reduction whatsoever. What is the reason for that?

**Mr McCARTHY:** Because we have not given full consideration to that at this point. As we see what unfolds in the new scheme, we do anticipate that there will be opportunities to consider what ReturnToWorkSA should look like in that longer term. For this year, we have simply looked at it just on this horizon of bedding down the new scheme.

**Mr MARSHALL:** So we should not read too much into the estimates not diminishing after 30 June 2017?

**Mr McCARTHY:** No.

**Mr MARSHALL:** You would envisage that there would be—

**Mr McCARTHY:** There is quite a lot of work that will be going on in the new year in that space.

**Mr MARSHALL:** You do not want to put a figure on it now?

**Mr McCARTHY:** No.

**Mr MARSHALL:** No—very wise. With regard to reducing that number, how will you go about doing that? Will it be a redundancy? Will it be an offer of a TVSP? What will be the methodology for the 10 per cent reduction in your work staff this year?

**Mr McCARTHY:** I have to be, again, upfront and say that the longer-term strategy for that will be formulated in the new year and I imagine it will be a combination of a number of those opportunities.

**Mr MARSHALL:** Can I ask some questions regarding Budget Paper 4, Volume 1, page 46 in regard to the establishment of the South Australian Employment Tribunal. What was the total amount of funding paid by ReturnToWorkSA for the implementation of the South Australian Employment Tribunal?

**Mr McCARTHY:** I will need to come back to you with the exact numbers. I think I do have it here somewhere.

**The Hon. J.R. RAU:** The information I have suggests that, as at 6 July this year, the establishment cost of the Employment Tribunal incurred to date was \$432,385.08.

**Mr MARSHALL:** Was that paid by ReturnToWorkSA or was that someone else?

**Mr McCARTHY:** Yes.

**The Hon. J.R. RAU:** Yes; the answer is yes, it was paid by them.

**Mr MARSHALL:** It says here, on page 46:

The \$0.8 million increase in expenses and income is primarily due to additional funding received from ReturnToWorkSA for the implementation of the [SA] Employment Tribunal.

That is a bit higher than the number you just quoted.

**Mr McCARTHY:** I would need to come back to you with the exact numbers, but certainly they have come in under. I know it is unusual for this, but it is our understanding that they have come in under what they expected they would need.

**Mr MARSHALL:** This was only published a couple of weeks ago, and it is out by a factor of 100 per cent.

**Mr McCARTHY:** I would need to come back to you with the exact numbers, but I think it is a better outcome than what was initially indicated.

**Mr MARSHALL:** Was that money allocated for a specific purpose with regard to the establishment of the tribunal? Was it IT system related, or a fit-out of an office, or—

**The Hon. J.R. RAU:** Again, perhaps if we—we will get the detail.

**Mr MARSHALL:** I would just be interested in the breakdown, whether it was a new IT system, or a new office fit-out, or what it was that—here it says \$0.8 million, but you are saying \$432,000.

**The Hon. J.R. RAU:** That is the information I have here, but I think it is probably best that we get a comprehensive answer for you on those things.

**Mr MARSHALL:** Will ReturnToWorkSA be providing any ongoing funding to the tribunal?

**The Hon. J.R. RAU:** Yes. Because the tribunal is in effect the dispute resolution arm of the whole scheme, the scheme, in effect, through its premium-raising funds the whole apparatus, including the dispute resolution apparatus. So, yes, it will be ongoing.

**Mr MARSHALL:** What do you envisage that cost to be?

**The Hon. J.R. RAU:** Again, I will have to get back to you on that. This is nothing, more or less, than a follow-on of the existing arrangements in effect. The WorkCover scheme supported the WorkCover tribunal, so it is basically a carryon of that same basic structure.

**Mr KNOLL:** Has the minister been contacted by the Police Association about the concerns with return-to-work legislation? There was a particular case of Senior Constable Brett Gibbons in relation to ongoing issues, and potential problems in the line of duty. Has the minister provided a response to that?

**The Hon. J.R. RAU:** I would need to check. I know, off the top of my head, that the Police Association has raised with my office general questions about the implications of the return-to-work legislation for police officers. As I recall, to the best of my recollection, those general discussions were then—I think minister Piccolo may have been contacted about those, but I am just working from memory there; I cannot say. As to the particular individual you are talking about, I would have to get back to you about that.

**The CHAIR:** What budget line are you looking at, member for Schubert?

**Mr KNOLL:** We are back to Budget Paper 3, page 73, third paragraph. Just as a follow-up: there are no specific proposals by the government to treat the police as a separate category and potentially provide them with a different set of rules, I suppose, especially in regard to the two-year cap or—

**The Hon. J.R. RAU:** Not at this stage. I certainly have a view that if there were to be special, in effect, employment conditions for police, the return-to-work legislation is the wrong vehicle for dealing with those matters. They would be better dealt with under the Police Act or some other instrument which is particular to police. That is my view.

**Mr MARSHALL:** Back to Budget Paper 4, Volume 1, page 46, relating to the South Australian Employment Tribunal. Has the government given any further consideration to including this tribunal under the SACAT arrangements?

**The Hon. J.R. RAU:** No, not since last year, when we had that debate here. I think since that time things have actually tumbled out in a way where it is fortunate the two were not together. I think the likelihood of them being in the same space is diminishing as time goes along because, to put it frankly, SACAT is a very different creature to SAET, in a number of respects, and I will go high level through them.

The first one is SACAT was always intended to be, and I hope continues to be, not a court for the purposes of the constitutional arrangements. That is significant, because there is a whole bunch of things that something that is not a court can and cannot do which are quite different to what a court can and cannot do.

There is a case which has been causing a lot of havoc around the place called Kable, and Kable is a case about what anything that is a chapter III court cannot do. So I was very keen that we had at least one place in South Australia that is not a chapter III court and SACAT is not, at least to the best of my knowledge, a chapter III court. The employment tribunal, on the other hand, definitely is a court, according to the constitutional classifications.

The second point I would make is that, if you look at the personnel within SACAT, you have a Supreme Court judge who is the president, a District Court judge who is the deputy president, and the rest of them are at a relatively more (and I am not being disrespectful) junior level in terms of their experience, and they are certainly not necessarily all people who are legally qualified, etc. If you look at the employment tribunal, basically, everybody who is on that tribunal is a District Court judge or equivalent, so they are two quite different bodies. I think the idea of, in effect, putting two very different creatures together in the same place is not a good idea and it is not something I am thinking of.

**Mr MARSHALL:** So I should not read anything into the comments in your own budget papers on page 45 of Budget Paper 4, Volume 1 where it says:

The [South Australian Employment Tribunal] will have similar functions, powers and operating approach as the South Australian Civil and Administrative Tribunal. It will provide efficient and cost-effective processes for all parties involved, act with as little formality and technicality as possible and be flexible in the way in which it conducts its business.

**The Hon. J.R. RAU:** All of that is true and fair comment but I do not think Treasury officials are particularly interested in the nuances of Kable, and so on.

My point is: yes, they are both intended to be simple, accessible, user-friendly places but the actual methodology of their operation is very different and one of them is going to be able to make orders and final determinations and such things and punish people for contempt and the other is not going to be able to do any of those things. So they are quite different.

**Mr MARSHALL:** I have a question on Budget Paper 4, Volume 3, page 146. It refers to the self-insured injury management system and a total project cost of \$300,000. Can you tell us what that is for?

**Mr McCARTHY:** I will need to take that on notice.

**Mr MARSHALL:** I presume it is for a computer system which, according to this document, was meant to be finished in June 2015. Is there a new IT system for the self-insured injury management system?

**Mr McCARTHY:** No. I will have to take that on notice.

**Mr KNOLL:** I have a question on SAET at Budget Paper 4, Volume 1, page 46. Can the minister confirm if Leah McLay is a conciliation officer in the South Australian Employment Tribunal? The reason I ask is that it was gazetted but it does not appear on the website.

**The Hon. J.R. RAU:** I will check.

**Mr KNOLL:** The second question I will ask, and you can take it on notice if you like, is whether or not Leah McLay is going to be appointed as the new registrar of the South Australian Employment Tribunal?

**The Hon. J.R. RAU:** I think that is the case, but I want to be absolutely certain. I will let you know

**Mr KNOLL:** Whilst we are on that topic, there is obviously a current registrar; I think his name is John Correll. Do we understand what is going to happen to him? Is he going to be terminated? Will he receive a redundancy, a TVSP or something along those lines?

**The Hon. J.R. RAU:** Sorry, I have just been advised that Leah McLay is currently the acting registrar. As to Mr Correll, my understanding is that he and Ms McLay are working together. As you would appreciate, at the moment we have the old scheme, which is winding down, and we have the new scheme, which is winding up. My understanding is that for the time being they are both required but, again, I will try to find out whether I have anything further I can add by way of information about that.

**Mr KNOLL:** As an aside to that, no final decision has been made on the future of Mr Correll in terms of his ongoing employment?

**The Hon. J.R. RAU:** Again, I would need to check to be able to give you an answer I am confident in.

**The CHAIR:** We propose to leave that line open and add to it the Department of the Premier and Cabinet.

**DEPARTMENT OF THE PREMIER AND CABINET, \$75,551,000**  
**ADMINISTERED ITEMS FOR THE DEPARTMENT OF THE PREMIER AND CABINET,**  
**\$1,879,000**

**Minister:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Justice Reform, Minister for Planning, Minister for Housing and Urban Development, Minister for Industrial Relations, Minister for Child Protection Reform.

**Departmental Advisers:**

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

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

Ms M. Boland, Acting Executive Director, SafeWork SA.

Mr S. De Musso, Acting Director, Community Engagement, SafeWork SA.

Mr M. Spratt, Principal Finance Officer, SafeWork SA.

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

Ms T. Blight, Manager, Financial Services, Attorney-General's Department.

**The CHAIR:** I declare the payments open for examination and refer members to the Agency Statements, Volumes 1 and 3.

**The Hon. J.R. RAU:** As I was saying before, very briefly, the return-to-work scheme is the place where people who are injured at work wind up if they are injured. What SafeWork is about is stopping them getting injured in the first place, in part, and also, where there is a mishap in the workplace, they have an investigative and ultimately a prosecutorial role, in effect, in relation to bad behaviour of an industrial and employment nature. One of the things I am very keen on doing is to see that we not only deal with the people who wind up injured but that we also deal with the system by which we try to prevent them being injured.

To that end, we put out some papers not that long ago talking about modifications we would like to make to the SafeWork arrangements. In summary, those modifications primarily get to this point: we are trying to have more of the structural separation within the organisation between the inspectorate, which is responsible for the policing, if you like, of the industrial law and the educational or supportive function that SafeWork has so that those two functions are managed as discrete entities within the work unit rather than each being in some way bits and pieces of the other.

In the last week or so, advertisements have been placed in the newspaper. Applications have just closed for the position of executive director and the two senior executive positions below the executive director. Broadly speaking, the map of the thing will be the executive director, one of those people will be primarily involved in the inspectorate aspect of the business, and the other will be primarily involved in the educational aspect of the business, and the management structures will fall below them. The applications have just closed and I am advised that shortlisting is beginning immediately.

**Mr KNOLL:** Budget Paper 4, Volume 1, page 41; I think that is the operative page. I will start off with a bit of a favourite of mine, referring to the Health and Safety Work Place Partnership Program, which was cut in this year's budget. The decision to have this program continue through the 2014-15 financial year was taken in August last year, but that decision did not appear in the midyear budget update. Can I ask the minister why, given that the decision was taken post budget and it was not included in last year's budget, it was not outlined as part of the midyear budget update?

**The Hon. J.R. RAU:** I will have to take that on notice and find out. I am not sure why Treasury reports things—or does not report them, as the case may be—in the way they do.

**Mr KNOLL:** Just as a follow-up to that, we were discussing it in a committee meeting some weeks ago and it was said that all the reports for that program were on the website. However, upon viewing the website it seems that the reports provided by the seven different unions that got money as part of this program were only updated four hours after the committee was completed, as opposed to beforehand. Obviously in the committee meeting that morning it was said that they were on the website, but it seems that information was only put up that afternoon. Does the minister have a comment about that?

**The Hon. J.R. RAU:** I do not know anything about those details. That may be so.

**Mr KNOLL:** Same budget paper. Can the minister detail which positions are being cut from SafeWork SA in relation to the reduction of 11.4 FTEs between 2014-15 and 2015-16?

**The Hon. J.R. RAU:** I will let Marie answer that for you.

**Ms BOLAND:** The positions in the previous financial years that were cut were mainly admin and policy type roles.

**Mr KNOLL:** So we are not talking about a reduction in inspectors or on-the-ground officers?

**Ms BOLAND:** There has been no reduction in inspectors.

**Mr KNOLL:** On the same budget line, what was the savings target allocated to SafeWork SA in 2014-15 and the previous year 2013-14?

**Ms BOLAND:** The 2014-15 savings were, I will just check—

**The Hon. J.R. RAU:** We will take it on notice.

**Mr KNOLL:** You might want to take this on notice as well. Are those savings allocations responsible for driving down SafeWork SA's expenses from \$39 million to \$33.5 million, or was the reduction in expenses as a result of something separate from the savings task?

**The Hon. J.R. RAU:** We will take that on notice too.

**Mr KNOLL:** Same budget line: can the minister explain what has driven SafeWork SA's expenses down by \$5.4 million whilst, at the same time, the number of FTEs have grown by 11.8?

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

**Mr KNOLL:** I will leave that question aside for a second then. On the same budget line, I will ask the minister something slightly different. Is Aaron Cartledge on the Construction Industry Long Service Leave Board?

**The Hon. J.R. RAU:** We will check.

**The CHAIR:** Can't you look that up on your iPad now while we are waiting? I think you are faster.

**Mr KNOLL:** I normally would be—

**The CHAIR:** Look it up yourselves.

**Mr KNOLL:** Unfortunately, no. We found a whole host of other information—

**The Hon. J.R. RAU:** I am advised that he is.

**Mr KNOLL:** In October last year Aaron Cartledge was found to have contravened right of entry laws on 19 and 20 March 2014 in hindering and obstructing Hansen Yuncken management—and I am getting to a question which is quite pertinent to this—

**The CHAIR:** Let's get to the question first and have the explanation later.

**Mr KNOLL:** The Construction Industry Long Service Leave Act 1987 provides, as one of the conditions of membership, that a member of the board be eligible for re-appointment except



where they are guilty of negligent duty or dishonourable conduct. Does the minister consider that Aaron Cartledge's conviction constitutes dishonourable conduct?

**The Hon. J.R. RAU:** Not being aware until just now that Aaron Cartledge was even involved in the thing, or having my attention drawn to that matter, I have not turned my mind to any of those matters ever, but I will put together the clues I have just been given and give them due consideration.

**Mr KNOLL:** Same budget line, so Budget Paper 4, Volume 1, page 41, regarding the provision of corporate support costs allocated to the SafeWork SA sub-program. Have these corporate support costs been reduced in aggregate or have they just been reallocated between different sub-programs?

**The Hon. J.R. RAU:** The answer to this sounds very complicated to me but it is something to do with machinery of government changes between the Department of the Premier and Cabinet and the Attorney-General's Department. Perhaps Mr Swanson, who is an expert on these matters and understands numbers and things, will be able to explain that better than me.

**Mr SWANSON:** To try to put it simply, there was a corporate allocation included in the program numbers for SafeWork when it was with the DPC and this figure was a lot higher compared to the similar number when they moved to the Attorney-General's Department on 1 July. So, that is effectively the reason for the change in the corporate numbers.

**Mr KNOLL:** Just to clarify then: can you outline what the corporate support costs allocated to the SafeWork SA sub-program in 2014-15 and 2015-16 are?

**Mr SWANSON:** I do not have that breakdown, other than to say it has reduced.

**Mr KNOLL:** If we continue on the same line. Can the minister list the research projects and supplementary scholarships that were funded through the SafeWork SA grants program in 2014-15?

**The Hon. J.R. RAU:** We will get the full list.

**Mr KNOLL:** Wonderful. While you are there then, minister, can we get the total value of the grants in 2014-15 and what is the budget for this item in 2015-16?

**The Hon. J.R. RAU:** The budget line for 2015-16, I am advised, is \$1,945,500.

**Mr KNOLL:** Of these grants how many grants were paid to union or union-based organisations and what are the values of those grants?

**The Hon. J.R. RAU:** I will have to take that on notice. I would need to check.

**Mr MARSHALL:** Just on that same line, were there any grants paid to employer organisations and what was the value of the grants to the employer organisations?

**The Hon. J.R. RAU:** Again, I would have to check. We have broad categories here. We do not have individual—we have them tallied by reference to categories.

**Mr MARSHALL:** By category rather than recipient?

**The Hon. J.R. RAU:** Correct. For instance, just to give you an example, it says here, 'WHS-commissioned research', and, 'WHS innovative practice grants program', that is it. It says, 'WHS supplementary scholarships', etc. So, we need to chop those down in order to answer your questions: were any unions; were any employers? We need to chop those down. There are others here which are—there is a particular amount of money that goes to Safe Work Australia, which is a single payment, and there is a single payment to the Young Workers Legal Service and a single payment to the Working Women's Centre, but the rest of them are aggregated.

This is not meant to be a comprehensive answer to your question but it appears that at least on one occasion we have the HIA receiving a grant with respect to falling housing construction, Hair and Beauty SA, which I guess is an employer, and Wildcatch Fisheries. I am just picking them out at random, but we will try to get them all.

**Mr MARSHALL:** You will provide the detail?

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

**Mr MARSHALL:** Can you also advise what the criteria for those are and who makes the decision?

**The Hon. J.R. RAU:** I will, yes.

**Mr KNOLL:** If we can stay on Budget Paper 4, Volume 1, page 41, in the 2014-15 estimated result versus the 2013-14 actual. How many TVSPs were taken in the SafeWork SA subprogram in 2014-15? If you are looking at it there, how many are planned for 2015-16?

**The Hon. J.R. RAU:** I am advised there was one in 2014-15.

**Mr KNOLL:** Is it planned that there will be any then in 2015-16?

**The Hon. J.R. RAU:** I think that depends a little bit on what follows from the new management team. There is certainly a savings target which needs to be met. Exactly how the new management team goes about doing that is, I guess, a matter for them.

**Mr KNOLL:** In relation to the decrease in income of \$3.8 million following the introduction of the new legislation, what specifically was this extra funding provided for and what else has contributed to the decrease in the income in 2014-15? The budget line here talks about additional income following the introduction of new work health and safety regulations in SA, and obviously then in 2014-15 that number decreases.

**The Hon. J.R. RAU:** I will get you something a bit more detailed on this, but I am advised that some of the bumpiness there is to do with the new licences having a five-year period. So a lick of money comes in when the licence is taken out, then there is a flat period, presumably, and in five year's time you get another bump.

**Mr KNOLL:** If we can switch now to Budget Paper 4, Volume 1, page 42. We are looking here at the activity indicators. The number of work health and safety intervention activities projected for 2014-15 was 24,000; however, the number of activities delivered was only 21,000. Can the minister explain why the activity target was not met? What was that gap due to, especially given that in 2013-14 there were just under 30,000 intervention activities.

**The Hon. J.R. RAU:** I am advised that, as a result of the work of the parliamentary committee, there was a refocusing within the agency towards putting more into education rather than prosecutions. I am advised that is the explanation.

**Mr KNOLL:** Can I ask then about prevention initiatives? We have seen a sharp increase in the number of prevention initiatives in 2014-15 versus 2013-14. Can I ask what drove that increase?

**The Hon. J.R. RAU:** It is partly the answer I have just given, and there has been a community engagement directorate established. Since I have been minister I have been very keen to see the agency have a better reach. I am very serious about the point I made before that it is all very well to have a reasonably operating and hopefully very effective return-to-work scheme, but much better than that is to stop people getting hurt in the first place. I am very keen on the agency having a strong work safety culture message that they can convey out there.

**Mr KNOLL:** As a result of the decrease in intervention activities, increase in prevention, have we seen any improvement in injury rates or in compliance of employers?

**The Hon. J.R. RAU:** I think it is probably a little bit soon to be able to say with any confidence.

**Mr KNOLL:** I refer to page 41. How many rights of entry were lodged with SafeWork SA last year?

**The Hon. J.R. RAU:** I am advised that there were 232.

**Mr KNOLL:** Can the minister outline how many of those were investigated for legal compliance and how many actions were taken for noncompliance?

**The Hon. J.R. RAU:** When you say legal compliance, I need to know what you mean.

**Mr KNOLL:** Rights of entries were lodged, and not all the time is correct procedure used.

**The Hon. J.R. RAU:** I see; you are asking whether the validity of the issue of those 232 was looked at?

**Mr KNOLL:** Yes.

**The Hon. J.R. RAU:** I am advised there were no complaints about them. I assume that that probably suggests that nobody took up the issue of validity. I am advised that in this current calendar year there have been three about which there have been disputes of the validity of those issued.

**Mr KNOLL:** Has there been any action taken for noncompliance?

**The Hon. J.R. RAU:** I am told that those three matters have been resolved.

**Mr KNOLL:** Has SafeWork SA or ReturnToWorkSA investigated the benefits to taxpayers of merging the two organisations?

**The Hon. J.R. RAU:** Can you ask the question again?

**Mr KNOLL:** We are still on page 41. SafeWork SA and ReturnToWorkSA are two different organisations, one being about injured people and SafeWork about compliance. Has there been an investigation about the merging of those two bodies?

**The CHAIR:** Merging the two departments.

**The Hon. J.R. RAU:** I have given a bit of thought to not so much the merger of the two bodies but where the boundary of one and the boundary of the other should begin and end. There are two functions that I think are completely incompatible to be in the same body, and that is to run what amounts to an insurance company, which is what ReturnToWorkSA is, and to run an industrial police force, which is what one part of SafeWork SA is, or an inspectorate. I just cannot see how you could possibly bring those two things into the same place and have them harmoniously coexist.

There is, I think, room for a debate about where the educational function of SafeWork sits and, potentially, where the risk management function of ReturnToWorkSA sits. At the moment, the risk management side of things is resting with ReturnToWorkSA and the educational role is sitting with SafeWork. I personally think that is about right. We are prepared to watch and see how the new structure works. If it works, it will be great; if does not, I am prepared to go back and look at that again.

The only other point I would make is to just remember this: ReturnToWorkSA has got quite a lot of information and eyes over some employers but not all employers (it is only the employers in that scheme), whereas SafeWork is looking at everybody, whether they are self-insured or public sector or wherever they are. In some respects, SafeWork has a much broader remit than ReturnToWorkSA.

**Mr KNOLL:** In the minister's opening remarks, he talked about the vacant positions at the top of SafeWork SA—obviously the executive director and then the two directors who sit below that. Can the minister outline how much has been spent on that recruitment process and whether this has been incorporated within the budget?

**The Hon. J.R. RAU:** It has not been finalised. So far, basically all that has been done is the chief executive, Mr Persse, has placed ads in the newspaper. A recruitment company has been retained. We are hoping to attract quality candidates with national advertising. I think the way we are thinking about proceeding is that we will probably do a stepped appointment, in the sense that we will be looking to appoint the executive director first because we do not want to put a new executive director in a room with pre-picked people with whom that person then has to work forever. We would want that person to be part of the conversation about who the other two people would be.

**Mr KNOLL:** I have a slightly different question, but still on page 41. For the gazetted field inspectors who obviously exist within SafeWork SA, does SafeWork SA capture the number of kilometres they travel in a day and average out the number of kilometres these field inspectors are travelling on a daily basis?

**The Hon. J.R. RAU:** I am advised they fill out a logbook.

**Mr KNOLL:** Does SafeWork SA have an average number of kilometres they would travel in a day?

**The Hon. J.R. RAU:** We will have to take that on notice.

**Mr KNOLL:** We will go to Budget Paper 4, Volume 1, page 43, Sub-program 8.2: WorkCover Ombudsman Services.

**The CHAIR:** We have an Employee Ombudsman person moving forward. So, you are right to go with just Mr Persse and Mr Swanson?

**The Hon. J.R. RAU:** Yes, Mr Swanson is back.

**The CHAIR:** Member for Schubert.

**Mr KNOLL:** Can the minister confirm whether all the functions previously maintained by the WorkCover Ombudsman Services sub-program have been transferred to other agencies and, if so, which functions have been transferred to which agencies; that is, where did the functions go?

**The Hon. J.R. RAU:** The WorkCover Ombudsman was predominantly put there to address what had been perceived as a problem with the then WorkCover scheme. Mr McCarthy and his team are not here anymore but, from memory, it was to do with the suspension of payments to people. The WorkCover Ombudsman was there to be the go-to guy if somebody had their payments suspended under the scheme.

Because the new arrangements do not permit the suspension of people's payments, other than for reasons of fraud, the whole reason for that entity existing disappears. The powers of the ombudsman ceased on 30 June, and anything in relation to complaints about compliance with service standards, which was another function, has been referred to the State Ombudsman. So, most of the reason for the existence of this ombudsman disappeared with the old act, and the residual little bit has gone across to the State Ombudsman.

**Mr KNOLL:** Just on that, minister, when you talk about the functions that have disappeared, we talk about suspension of payments. I assume the WorkCover Ombudsman would have dealt with cases where people did not like the determinations that had been made against them, whether they be the determinations about whole person impairment or, thinking now in the case of the new scheme, ongoing medical claims. Where do people with those claims that will still exist post the new scheme go for help with their matters?

**The Hon. J.R. RAU:** Initially, they would obviously make a request of ReturnToWorkSA. If that was unsatisfactory, they could seek a review by ReturnToWorkSA of the decision and also they could lodge a notice of dispute, which would then move into the conciliation phase under the new arrangements, and then ultimately, if that remained unsatisfactory, it could be brought before a presidential member of the tribunal. Those people do have a methodology to agitate their concerns.

**Mr KNOLL:** Can I ask then, minister, in the 2013-14 financial year and in 2014-15, how many different people applied for help from the WorkCover Ombudsman?

**The Hon. J.R. RAU:** I have some bits of information about it. Complaints to the office in 2014-15 decreased to 215, compared with 281 for the preceding year, and 100 per cent of those were resolved within 12 months. Again, getting back to what I said before, reviews of decisions to cease weekly payments increased for the 2014-15 year. There were 414 reviews, compared with 310 in 2013-14. This reflects a significant increase in decisions by claims agents to stop weekly payments of compensation to workers following work capacity reviews.

**Mr KNOLL:** That makes perfect sense, minister. My point is, I suppose, that those work capacity reviews will continue to take place under this new scheme.

**The Hon. J.R. RAU:** They will.

**Mr KNOLL:** So, obviously there are a couple hundred people there that felt the need to use the WorkCover Ombudsman before, and now we are saying that we just do not need him anymore and that all those people—

**The Hon. J.R. RAU:** I take your point, and I think it probably is fair to say that there will be some people who will be affected by work capacity reviews on an ongoing basis who might, but for this, have been able to go there, but they still have a redress option available, which is going through the disputation process. I think it is really important to understand that the old scheme basically said that, if you were in the context of a dispute about your claim, the payments stopped. The new scheme does not do that.

There might be a few work capacity people but, bear in mind, because the scheme only runs for two years, the number of people who are going to get to the point of being work capacity reviewed is much smaller than the number, if any, compared with what was in the old scheme. Of course, the old measure, which said that as soon as a dispute goes in payments cease pending a determination of the dispute, has gone as well. I just do not think there are going to be that many people who would be in that category.

**Mr KNOLL:** Just as a final comment on that, there have obviously been changes, not necessarily due to the new legislation—for instance, a lowering of the number of stress claims that are accepted on the outset—and certainly a much more aggressive early intervention process with these mobile case managers. That is something that will continue that is pre and post scheme and could potentially lead to issues, but we will move on.

Can I go to Budget Paper 4, Volume 1, page 43, Sub-program 8.3: Employee Ombudsman Services. Can I ask the same question, minister: have all the functions previously maintained by the Employee Ombudsman been transferred to other agencies and, if so, where did they go?

**The Hon. J.R. RAU:** With this one, I will take it on notice in part because I am not sure I have the answer at the tip of my fingertips. But can I say this: as you would appreciate, by reason of matters put through this parliament, that office now does not exist.

The reason I brought that proposition to parliament was that I was not satisfied that there was a need for that office to exist, otherwise I would not have taken that step. To get you the particulars of it, I will, but I just formed the view that it was an office which was not giving great value.

**Mr KNOLL:** Can I ask how many people used the Employee Ombudsman in the previous year?

**The Hon. J.R. RAU:** I will find out for you.

**Mr MARSHALL:** Just on the same line, the previous employee ombudsman had been on leave since June 2013?

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

**Mr MARSHALL:** What were the arrangements when the office was closed, in terms of finalising his contract with the state?

**The Hon. J.R. RAU:** I understand, in short, that basically when the office was abolished any entitlement the occupant of that office had for ongoing remuneration ended because there was no office to which that person continued to be appointed.

**Mr MARSHALL:** What date did it cease to operate?

**The Hon. J.R. RAU:** I am advised the act came into operation in April of this year. I am not sure about the exact date, but I can find out if that would help.

**Mr MARSHALL:** Is it fair to say that the previous employee ombudsman had been on leave with pay from June 2013 to April 2015?

**The Hon. J.R. RAU:** That is probably correct.

**Mr MARSHALL:** And then a payment was made? My understanding is—and you might like to confirm—that that appointment was a six-year appointment that would run through until 2018.

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

**Mr MARSHALL:** Can you provide this committee with the detail of how much the previous employee ombudsman was paid, in terms of pay while he was on leave and separately as his termination payment from that position?

**The Hon. J.R. RAU:** Sure, I will do that. Can I just say something? I have just received some information and I want to correct the record. When I was answering the member for Schubert, I mentioned something about work capacity reviews and how I thought they would be rare under the new scheme. They are worse than that: they do not exist. They are not just rare, they do not happen at all. That is why I was hoping that Mr McCarthy was still here because he could have confirmed that for me.

Back to this matter, though, the situation is that the occupant went on leave with pay in circumstances where, as members would be aware, there were charges but those charges had never been dealt with or proven. So, we were left in a sort of limbo land, where we could not move forward and we could not move backwards. It would not have been appropriate to leave the occupant in his office in an active capacity in circumstances where there were charges standing against him but, by the same token, for all we know he may or may not be acquitted of those charges. I do not believe he has even been dealt with yet, to be honest; 4 August is the next day the thing is in court.

What happened was that he went off on this extended leave. Our advice was that we could do that, but that was about it, and that to attempt to terminate in circumstances where there had been no proven guilt or finding of guilt would amount to a pretty unfair way of treating an individual. So, the matter sat in what I consider to be unsatisfactory limbo for a period of time.

**Mr MARSHALL:** Just to clarify that, minister, you will come back to the committee with the full cost of the employee during the time that he was on leave, so June 2013 through to April 2015, and then the termination cost?

**The Hon. J.R. RAU:** Yes, whatever payment came of it.

**Mr MARSHALL:** Is there any suggestion that we have actually closed down this agency—we have closed down the Office of the Employee Ombudsman—to deal with this very difficult, expensive problem that the government has had?

**The Hon. J.R. RAU:** No, but it made my decision probably easier, because I was concerned that there did not appear to be any screaming function for this office to discharge. The period during which the occupant of the office was away from the office and not discharging duties, obviously, did not appear to cause any great calamity out there in the broader community. I certainly did not have people ringing me up saying, 'What's happened? Get this thing working again.' So I formed the view that it was something which might have been a good idea at one point in time. It might have been adversely affected, perhaps, by the WorkChoices changes where a lot of the stuff migrated out of the state jurisdiction across to the commonwealth. There might have been a whole bunch of reasons why but, by the time I found it, whatever merit there might have been when it was first put in place, I could not, to myself, justify it.

You have to remember as well that, as Minister for Industrial Relations, I am, like other ministers, expected to look at where I can find efficiencies within my agency and I have got a lot of different calls on money within the IR portfolio, and certainly within the Attorney-General's portfolio, and when you look at all of them and look at this particular little item and say, 'Does this one have the same degree of priority as, for example, the Director of Public Prosecutions?' or something like that, my answer was no.

**Mr MARSHALL:** In last year's estimates you provided the committee with the information that Stephanie Burke was filling the role of the employee ombudsman. When you provide the information to the committee regarding the termination payment to the previous ombudsman, can you also tell us what the wind-up costs for the agency were, including any termination payments?

**The Hon. J.R. RAU:** I think they have all been reabsorbed into other agencies, but I will check.

**Mr KNOLL:** I appreciate Greg McCarthy is no longer with us, but can we go to Budget Paper 4, Volume 1, page 46 and back to the Employment Tribunal? Can the minister explain why the expenses of the tribunal increased by \$3.7 million following the receipt of functions from the

medical panels, yet the income only increased by \$3.1 million? Were there functions that the medical panels undertook that SAET is not going to undertake? What is the reason for the gap? Is this a result of departmental savings or lessening of functions?

**The Hon. J.R. RAU:** It is probably a very good question but I will need to get back to you with the answer.

**Mr KNOLL:** This is probably along the same line, if we can go to page 47 and looking at the activity indicators and the number of workers compensation matters lodged. There was quite a sharp increase in applications for an expedited decision. I am just wondering if the minister can explain why.

**The Hon. J.R. RAU:** This is in the lead-up to 30 June, if I am not mistaken, and a lot of that is tactical legal manoeuvring to maximise the position of clients by particular lawyers. It was to do with trying to do things within the jurisdiction before the date passed.

**Mr KNOLL:** I think that Mr McCarthy calls that increased claims activity.

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

**Mr MARSHALL:** Also on that page 46 and looking at the targets under the South Australian Employment Tribunal, it says here 'the implementation of a new contemporary case management and associated systems'. Is that what we were referring to before the \$300,000 IT spend for the self-insured, or is this another IT system that is being put in place?

**The Hon. J.R. RAU:** We are not sure. We will check up on that.

**Mr MARSHALL:** But do you think it is an IT system?

**The Hon. J.R. RAU:** Undoubtedly. It is some form of computerised case management tool, no question. There is one operating already within SACAT, and the thought initially was that with maybe some adaptation of the SACAT thing (which is I am advised a commercial off-the-shelf thing) it might be suitable here. But, yes, it is a records management/case management IT system.

**Mr MARSHALL:** And is there a cost associated with the implementation of this new system?

**The Hon. J.R. RAU:** There will be. I will try to find out to the best of my knowledge.

**Mr MARSHALL:** And also a time frame. It is mentioned as a target for this year, so I think it is reasonable to ask what the system is, what it is going to cost the taxpayers and when it is due for completion.

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

**Mr KNOLL:** In our last 13 minutes I move to Budget Paper 4, Volume 1 and page 53 dealing with State Records.

**The Hon. J.R. RAU:** Yes. Mr Simon Froude is here.

#### **Departmental Advisers:**

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

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

Mr S. Froude, Acting Director, State Records.

Ms T. Blight, Manager, Financial Services, Attorney-General's Department.

**Mr KNOLL:** Minister, looking at the highlights 14-15 and targets 15-16, has the government review of the State Records Act been completed yet?

**The Hon. J.R. RAU:** The answer is yes.

**Mr KNOLL:** That is exciting. Can I ask when it was completed?

**The Hon. J.R. RAU:** I am told it was dated late August, but I think I got it a bit later than that.

**Mr KNOLL:** Sorry, late August? Are you saying August last year?

**The Hon. J.R. RAU:** Yes, and I think I got it in about October, if I am not mistaken. Here is a chronology, very good. This is what I have been looking for. On 28 August, final report; November, cabinet was informed of the final report and of initial assessment of the impact of each recommendation; and on 21 May there was a transition of State Records to AGD (another MoG, a machinery of government change).

And so unfortunately for State Records (and the member for Bright would be very familiar with all of this), DPC is a very unique place in government, and in the difficult transition from DPC through things to become AGD, clearly there was a period where this thing was becalmed because it was from DPC's point of view no doubt something that they were not about to be having to pay attention to, and from our point of view (that is, the AGD point of view) it is something that we had not yet obtained.

We are looking at some proposal to consider a response to each of the recommendations, and I will then be having to take that to cabinet, and the outcome of that I expect would be to draft an amendment bill to the State Records Act.

**Mr MARSHALL:** In last year's estimates committee you advised that there would be changes made to privacy legislation following on from that State Records review, and in fact you used the word 'imminent' with the way in which you described that legislation that would be brought to the parliament. How is that progressing?

**The Hon. J.R. RAU:** To start with, I am very much more careful this year than I was last year about the word 'imminent', I can tell you that.

**Mr MARSHALL:** Would you say that you were wrong last year?

**The Hon. J.R. RAU:** The second thing is that I have learned that my sense of urgency and that of the entire system do not necessarily always find themselves in total alignment.

**Mr MARSHALL:** Are you blaming the Public Service, sir?

**The Hon. J.R. RAU:** No; I am just making an observation. A draft information privacy bill has been prepared for public consultation. Advice from the Crown Solicitor's Office is being sought prior to seeking the approval of cabinet to consult publicly on that document.

**Mr MARSHALL:** So it is cabinet holding up the process? The draft bill has been done, it is out for consultation—

**The Hon. J.R. RAU:** I am not sure it has been to cabinet yet, so I do not think it would be fair to say that cabinet is holding it up.

**Mr MARSHALL:** So you are holding it up?

**The Hon. J.R. RAU:** It is with the Crown Solicitor's Office.

**Mr MARSHALL:** The Crown Solicitor is holding it up.

**The Hon. J.R. RAU:** I am just saying that it is with the Crown Solicitor's Office, that is all. Everyone is working.

**Mr MARSHALL:** For clarity, it has not gone out for consultation yet?

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

**Mr MARSHALL:** Last year you said that it was going to be released for an eight week consultation period, and you said that was 'imminent'. What is your update? Is it still going to be eight weeks, and what is the update on the proximity to that?

**The Hon. J.R. RAU:** I think it will still be eight weeks, but I am not going to be caught with the word 'imminent' a second time. I will say 'as soon as I can manage it'.



**Mr MARSHALL:** That could be even longer then; that is even worse than 'imminent'. With respect, I think you should go back to 'imminent'. With regard to the review of State Records, did your review take into account the Electronic Patient Administration System?

**The Hon. J.R. RAU:** I do not believe EPAS had anything to do with it.

**Mr MARSHALL:** Surely that is a very substantial area of State Records?

**The Hon. J.R. RAU:** The advice I have about this is that EPAS was not looked at specifically as a thing in its own right. However, given the fact that that does constitute a record, in effect, for the purposes of the act, it would by default be covered, given that they are electronic records in nature. So I think the answer to the question is that although EPAS was never a target of particular consideration in the review, the fact that EPAS is an electronic data recording system and that it is a state held and managed electronic data recording system, inasmuch as EPAS is one of many systems, yes, the review had something to say about EPAS. However, it was not talking about EPAS itself, if you know what I mean.

**Mr MARSHALL:** So medical records were not excluded from the review?

**The Hon. J.R. RAU:** No, they were not.

**Mr MARSHALL:** What was the scope of the review with regard to medical records?

**The Hon. J.R. RAU:** What I am trying to convey is that I do not think the review chopped things up in that way. It just said that there are electronic data management systems controlled by the government so, 'How should we treatment the material they hold?' rather than saying, 'We have medical records and motor registration records and blah blah blah.' It was more generic.

**Mr MARSHALL:** What is the audience for the report? Is it for the public or is it for cabinet?

**The Hon. J.R. RAU:** Initially it is for cabinet. I do not know if there has been a decision about what is ultimately done with it.

**Mr MARSHALL:** What was the purpose of the report? Was it to identify where there were some deficiencies in the storage of—

**The Hon. J.R. RAU:** Yes. The terms of reference were that official records are governed by the Records Act of 1997. Clearly, the sheer scale of the electronic communications mechanism within the state government was not contemplated at the time of that original act, and the act has not been updated to take into account those matters. The review said that recent events had highlighted a need to bring forward the next scheduled review of the act and government agency practice in relation to management of records, and that such a review should examine the legislative framework relating to State Records and determine if the required management of records clearly meets the current operational practices of government and the needs of the community. So, the review should provide an opportunity to align the act with the Freedom of Information Act and the state's policy in relation to privacy and enable some inadequacies or gaps in the legislation to be dealt with.

The inquiry was then asked specifically the extent to which electronic communication is used as a means of creating, storing and transferring official records, the extent to which there has been an increase in the volume of records created by government agencies due to increasing reliance on technology and electronic communications, how other jurisdictions have attempted to address these and their degrees of success, and to report on whether the existing legislative framework is appropriately managed or realistically capable of being so managed, including an examination of destruction retention regimes, including official record retention where necessary, and the extent to which the existing framework would be assisted or enhanced by a change in the culture of government agencies and current state records management practices and any legislative drivers required to achieve the same.

**Mr MARSHALL:** When was that report requested and when was it completed?

**The Hon. J.R. RAU:** The request was in September 2013.

**Mr MARSHALL:** When was it completed?

**The Hon. J.R. RAU:** End of August 2014, 28 August 2014.

**Mr MARSHALL:** So, a year ago? Almost. Eleven months.

**The Hon. J.R. RAU:** Ten months or so, yes. I did explain and I would invite you to have a chat to the member for Bright about the veracity of what I am saying. In the heady world of MoG changes, when things are moving from DPC to AGD, it is not inconceivable that things become becalmed, but I can assure everybody that that period in the doldrums has ended.

**Mr MARSHALL:** Which minister has responsibility for the management of state medical records, patient records?

**The Hon. J.R. RAU:** The management of the records, I think, would be within the health department. The retention or the proper state record aspect of it is something that sits under the records act and I guess to the extent that they constitute a record and to the extent that there has been a MoG change, that sounds a bit like me.

**Mr MARSHALL:** Have you, as part of your report, contemplated any risks associated with the implementation of the EPAS system and have you, as the minister responsible for records, contemplated any risk associated with the fact that many of our medical records in South Australia are contained on legacy systems which are no longer supported by the software vendor? In fact, the government currently has a legal case regarding the ongoing use of one of those legacy systems to store patient records.

**The Hon. J.R. RAU:** I am not aware of the detail of those matters but can I say that I am concerned, obviously, that there are a number of legacy systems sitting around the place in government. Part of the reason for the review here was to look at what, realistically, can be done about dealing with that, both from a practical point of view and also from a policy point of view. At some point we do have to ask the question, and in some respects this might seem a strange analogy, but it is a bit like the question in the child protection area with mandatory reporting.

If you open the front door to so much information and you commit yourself to dealing with so much information eventually it can choke you. The question with the state record keeping, or one of the questions with state record keeping, is ultimately going to be: just how much of this stuff do we actually have to keep, for how long do we keep it and by what mechanism do we decide which to keep and which not to keep? What form do we store it in?

It is a similar question to the mandatory reporting question. We are getting an enormous number of complaints through the front door and once you get them through the front door then what do you do with them? So, it is just one of the questions that we are going to have to grapple with. One of the things that I think the parliament is going to have to think about is the diversity and the volume and the range of these things. The leader raises a good point about the legacy systems, but they are not just in the health department, they are all over the place.

**Mr MARSHALL:** Yes. Just to clarify: you are the minister responsible for overall management of state records, including state medical records. Are you aware that there are risks associated with those medical records, in particular with regard to the current legacy systems and any legal action which is pending? If you are not aware of it, will you commit to actually undertake to report back to the committee regarding that status?

**The Hon. J.R. RAU:** I was not aware of that particular matter, but I am happy to make inquiries and to try to inform myself about that. That said, it does not surprise me that within government agencies there are inadequate record storage and—

**Mr MARSHALL:** It is a shambles, is it?

**The Hon. J.R. RAU:** I do not think I used that term. I think I said inadequate.

**Mr MARSHALL:** Inadequate.

**The CHAIR:** I draw members' attention to the time. There being no further questions I declare the examination of the proposed payments for the Department of the Premier and Cabinet adjourned and referred to committee B. Then, in accordance with the agreed timetable, I advise all present that the committee stands suspended until 3.45.

*Sitting suspended from 15:30 to 15:45.*

**ATTORNEY-GENERAL'S DEPARTMENT, \$109,678,000**  
**ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$98,533,000**  
**DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE, \$560,412,000**  
**ADMINISTERED ITEMS FOR THE DEPARTMENT OF PLANNING, TRANSPORT AND**  
**INFRASTRUCTURE, \$7,928,000**

**Membership:**

Mr Griffiths substituted for Mr Marshall.

Mr Duluk substituted for Mr Speirs.

Mr Tarzia substituted for Mr Knoll.

**Minister:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Justice Reform, Minister for Planning, Minister for Housing and Urban Development, Minister for Industrial Relations, Minister for Child Protection Reform.

**Departmental Advisers:**

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

Mr D. Soulio, Commissioner for Consumer Affairs, Liquor and Gambling, Consumer and Business Services.

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

Mr J. Evangelista, General Manager, Liquor, Consumer and Business Services.

**The CHAIR:** Welcome back to this session as we look at the proposed payments for the Department of Planning, Transport and Infrastructure and the Attorney-General's Department with the Minister for Planning and the Minister Assisting the Minister for Planning. I declare the proposed payments open for examination and refer members to the Agency Statements in Volumes 1 and 3. I call on the minister to name his advisers.

**The Hon. J.R. RAU:** I have to my right again, as I have had many times today, Mr Persse. To my left I have Mr Soulio, who is known to all of us as the commissioner. I have agreed with the member for Goyder that they are happy to proceed slightly out of the order here, whereby liquor licensing will be the first few questions.

**The CHAIR:** Hold on just a second. We also have?

**The Hon. J.R. RAU:** Mr Swanson again. He is the numbers man.

**The CHAIR:** Are you going to make a statement of some sort?

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

**The CHAIR:** So we are looking at the member for Goyder; are you going to make a statement or just ask questions?

**Mr GRIFFITHS:** Just ask questions.

**The CHAIR:** Sounds good.

**Mr GRIFFITHS:** I have one brief opening comment, if I may. This is not a shadow portfolio role that I hold, and I am happy for the change to occur to the timing, but I do want to make special note that this is the very first time the member for Davenport has sat in the chamber for estimates.

**The Hon. J.R. RAU:** What a lucky man.

**Mr GRIFFITHS:** There are young people who come in here who are excited about the whole process.

**The CHAIR:** He is the only one in the room who does not know what is about to happen.

**Mr GRIFFITHS:** Ears and eyes are open. On behalf of the Hon. Rob Lucas—

**The Hon. J.R. RAU:** He will require Mogadon this afternoon to calm him down.

**The CHAIR:** They are free this year, aren't they?

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 1, page 56, licensing. Although it does not appear as a discrete line item under expenses, does the value of expenses to be incurred by the sub-program include the cost of the government's announced review into liquor licensing?

**The Hon. J.R. RAU:** No, I do not believe it does. I will check, but I do not believe it does.

**Mr GRIFFITHS:** If it is not there, where is it allowed for as an expense item?

**The Hon. J.R. RAU:** I think at this stage, because we have not completed our work on it, we are not in a position to make that assessment. There has been no determination as yet whether that will be done as an internal or partially internal and partially external exercise. If it is totally internal, there will be no discrete cost; it will just be time of people who are already there.

**Mr GRIFFITHS:** I accept that as a response then. Minister, you said that the discussion paper will be released in September. Will submissions to the discussion paper be publicly available and when are the recommendations that stem from it intended to be released?

**The Hon. J.R. RAU:** My intention was to leave the discussion paper and the opportunity for responding out there for quite a while. I think this is potentially a very controversial area, in some parts anyway, and I think people should be given an opportunity to reflect on it and think about it. My tentative view was that we would not be looking at landing anywhere, in any definitive sense, until next year.

**Mr GRIFFITHS:** It was part of significant legislative change two years ago, I think, wasn't it?

**The Hon. J.R. RAU:** Yes, but what I am talking about here is a top to bottom review of the liquor licensing arrangements in the state. What we did a couple of years ago was very important, but it was a modification of the existing arrangements that did not really purport to be a top to bottom re-examination of the whole thing, which is what we are thinking about.

**Mr GRIFFITHS:** Given that, and I think you referred to the potential for contractors to be used in your previous answer on this, is that still open? Is it an outside source that will undertake it to give a completely clean view?

**The Hon. J.R. RAU:** I have not finally come to a view about that; that would be something I would need to discuss with my colleagues ultimately. It strikes me that it is important that everybody who has a view about this feels that they are being given a legitimately fair opportunity to be heard. Exactly how we go about that is something I am still thinking about.

**Mr GRIFFITHS:** In the consideration you have given it already, are there any positions you hold true to that you want to be part of it?

**The Hon. J.R. RAU:** I can see advantages and disadvantages both ways. If you are going to commence this sort of thing, you do not want it to go on forever, so I am concerned about the thing being landed in a timely fashion. One of the risks associated with pulling things or putting things out is that they come back when they want to, not when you want them to. I think it is important that if we start this process that there is some sense of progress and that there is momentum. That is really the only thing I am clear about.

**Mr GRIFFITHS:** You want it to be outcomes focused?

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

**Mr GRIFFITHS:** For example, have you given any consideration to the potential for dry zones to be part of it, or alcohol in supermarkets, those sorts of things?

**The Hon. J.R. RAU:** I have not got to the point of having a specific draft to consider yet. I have asked the commissioner here and his people to do some work on giving me some ideas that might be thrown into a draft. It is conceivable that those things you have just raised might be in there, although we really did have a pretty good crack at the wine in supermarket thing a while ago, and it was one of those things that from my perspective did not end happily, so I am not necessarily in a hurry to go back and have a chew on that.

If we had a large group of people in the community who were highly agitated about that, and if we are having a complete global review of the act, then maybe it should be on the table. My tentative view at the moment is that if we are going to do a complete review of the act we should not start off with anything being out of bounds for the conversation. That does not mean that just because we are prepared to talk about it there is a high probability we are going to advance it, but I think if we are going to talk about liquor licensing in the broader sense we should have a lot of stuff in there.

**Mr GRIFFITHS:** Equally so, just because I mentioned alcohol in supermarkets as an option is not certainly Liberal Party policy on it either.

**The Hon. J.R. RAU:** No, I am sure it is not, and it certainly was not last year.

**Mr GRIFFITHS:** No, true, and I think you and I both had a conversation with people who hold a very different view on doing anything there too.

I now refer to page 57, under highlights for the 2014-15 year, dot point 2 refers to the completion of stage 2 of the liquor and gambling IT system software development. On page 15 of the same budget paper, I am informed, the table shows an upgrade to the liquor licensing IT system which has been completed as of June 2015. Can the minister confirm that this highlight as referred to is actually this upgrade?

**The Hon. J.R. RAU:** The answer I am told is yes.

**Mr GRIFFITHS:** Is the minister able to confirm what the total cost of that upgrade was?

**The Hon. J.R. RAU:** I am advised that the cost of implementing stage 2 was \$1.5 million.

**Mr GRIFFITHS:** I note that there is a 2015-16 target on page 57 referring to the completion of stage 3 of the system. Can the minister confirm that the liquor and gambling IT system reference in the table on page 15, with an expected completion date of September 2015, is reflective of that target?

**The Hon. J.R. RAU:** I am told the answer to that is yes.

**Mr GRIFFITHS:** Can the minister confirm the expected completion time? Is September 2015 still achievable?

**The Hon. J.R. RAU:** Yes, it is, I am told.

**Mr GRIFFITHS:** Therefore, what was the original budget set for these upgrades, and have the actual results come within that original budget figure?

**The Hon. J.R. RAU:** We will have to check that.

**Mr GRIFFITHS:** I do note also that in highlights for 2014-15, it refers to red tape reduction. Can you give details on how that has been achieved (the last three words in highlights of 2014-15)?

**The Hon. J.R. RAU:** There is an item here in relation to limited licence applications for events. Previously, CBS required a participating stallholder to lodge an individual limited licence application to sell or supply liquor at the same event at a cost of \$77 per application. The applications were processed individually, and a single licence was granted to each stallholder. Recently, CBS improved this practice by only requiring one application to be completed that lists all of the

participating stallholders. As applicants, it is then processed as one application, and a single licence is granted. The new practice reduces red tape for organisers and creates significant internal processing efficiencies for CBS. A new tiered fee structure has recently been introduced to offer a discounted fee where there are multiple applications for the same venue.

**Mr GRIFFITHS:** I am happy to defer any other questions about liquor licensing to a different time and go to the next question area.

**The CHAIR:** Which is?

**Mr GRIFFITHS:** Planning, I presume, or do you want to do Adelaide Cemeteries Authority?

**The Hon. J.R. RAU:** Whatever you want.

**Mr GRIFFITHS:** If we do cemeteries, that is about five minutes.

**The Hon. J.R. RAU:** Okay, cemeteries it is.

#### **Departmental Adviser:**

Mr R. Pitt, Chief Executive, Adelaide Cemeteries Authority.

**The Hon. J.R. RAU:** I have Mr Pitt with me from the Cemeteries Authority.

**Mr GRIFFITHS:** I do have some interesting questions here. I was formally with the Cemeteries Association of South Australia and I have a deep interest in this area; so, Mr Pitt, nice to see you. I was also a former curator of cemeteries. The only reference I could find in the budget papers about the Adelaide Cemeteries Authority is on page 82 of Budget Paper 3, Chair; so it was a bit of a struggle to find a reference to it. Minister, can you clarify whether there are any other areas where the operations of the Cemeteries Authority are listed in the budget?

**The Hon. J.R. RAU:** I will take that on notice, but not to my knowledge. That is a no from Mr Pitt, so I think that is a pretty strong indication.

**Mr GRIFFITHS:** I note that the Enfield mausoleum is expanding at a cost of \$2.6 million. Is that part of the money that is included in the Capital Investment Statement in the budget paper that I referred to?

**Mr PITT:** As far as I am aware, yes.

**Mr GRIFFITHS:** What other items are on the list for 2015-16?

**Mr PITT:** We have a capital projects program, about \$1 million for plant replacement, other improvements in the cemetery. Other than that, no, it is just on our budget.

**Mr GRIFFITHS:** The mausoleum project at Enfield was the only significant investment undertaken, and the rest are just relatively smaller plant and equipment items?

**Mr PITT:** Yes, we try to keep our annual capital expenditure aligned with our depreciation, and certainly there are forward project plans for plant replacement, equipment replacement, and developing new gardens and facilities.

**Mr GRIFFITHS:** Minister, if we can go to the issue of war graves, and there have been some press and statements by the shadow minister and yourself about this in recent months, particularly around the time of ANZAC and Gallipoli and things like that. Can you provide details on any changes to policy on the need, with respect to the remains of war veterans, to pay to renew the lease but for their remains to be interred in perpetuity?

**Mr PITT:** I can advise that the Adelaide Cemeteries Authority has four cemeteries under its care and control: West Terrace Cemetery, which is state heritage listed, has 4,167 ex-servicemen in their AIF section. It has 316 other ex-servicemen's graves throughout the cemetery. Being state heritage listed, they are all in perpetuity.

At Enfield Memorial Park, there are 486 ex-service persons' graves, and they are generally a mixture of ashes and also burial interments; the board each year makes a decision about those. Eighty-two of those sites have expired tenure, but since 1994 the board has not pursued people extending those leases, or what is now called interment right. So, those ex-service personnel graves we work with the Office of Australian War Graves to identify and are aware of, we certainly maintain in perpetuity. At Smithfield, there are 13 sites; none of those has expired. There are 348 sites at Cheltenham Cemetery that we work with the Office of Australian War Graves on maintaining.

In relation to other cemeteries, they would have their own policies on those matters. There are, of course, the official war dead who died during designated start and finish periods, and those sites are under the care and control of the Office of Australian War Graves.

**Mr GRIFFITHS:** I thank Mr Pitt for the detail in the answer; I found that very informative. You referred to Smithfield and the 13 that have not expired yet. What policy is in place on the basis that they will expire?

**Mr PITT:** The 13 at Smithfield only commenced in 1987; the interment rights all go for 50 years. They are sites we are aware of with the Office of Australian War Graves, and when they come up to the time of their being expired, we will contact the Office of Australian Grave Graves and they will extend the interment right fee and work with us to do that.

**Mr GRIFFITHS:** I am happy with that.

**The CHAIR:** That is the end of cemeteries. We will move on to planning, and we will have a changeover of advisers.

#### **Departmental Advisers:**

Mr B. Cagialis, Chief Finance Officer, Department of Planning, Transport and Infrastructure.

Mr S. Moseley, General Manager, Information and Strategy, Department of Planning, Transport and Infrastructure.

Mr A. McKeegan, Chief Development Officer, Department of Planning, Transport and Infrastructure.

Ms S. Smith, General Manager, Investment Management, Department of Planning, Transport and Infrastructure.

Ms K. Mackay, General Manager, Architecture and Built Environment, Department of Planning, Transport and Infrastructure.

**The CHAIR:** Do you have an opening statement for planning, minister?

**The Hon. J.R. RAU:** I do not believe so.

**The CHAIR:** Do you have one, member for Goyder?

**Mr GRIFFITHS:** I would like to say a few words. Can I put on the record that I am grateful for the support of the minister for the opportunity to travel as part of an Institute of Australia urban development study tour trip to China and Canada, with the minister also being in attendance. When I approached the minister about its being paid for via resources, he took that up and that was able to occur, so I am grateful for that opportunity. I also confirm that I found the minister and his staff to be good travel companions.

Indeed, there was a breakfast this morning that I put on as a bit of a summary of that trip, and three of the participants spoke about some outcomes, some challenges and some opportunities for South Australia when it comes to development planning, urban growth boundaries and all the things we have spoken about a bit. It is an absolute key area for our state.

I know that the outcomes of what will occur in the next few months are really going to be very important when it comes to opportunities for initiatives to be undertaken in future years. It is a rather

exciting time for planning. Many people do not see it necessarily as an exciting vocation to undertake, but it is one that has to be done correctly.

**The Hon. J.R. RAU:** Can I say thank you to the member for Goyder for those remarks. Can I say, whilst we are in that sort of mode, that it was very helpful for his being a participant in that event because it means that he has had the opportunity of seeing everything I have seen. I do know that the member for Goyder does have a passion, as I do, for this area of public policy. I know that for many people that it is a pretty dry chew, but for people like the member for Goyder and me it is pretty exciting. I am certainly looking forward, and I believe he is too, to the opportunity for us to bring some really innovative legislative change into this place over the next few months in this area. It is good to have enthusiastic, informed members of parliament in this area.

**The CHAIR:** Now, you have some introductions to make for us.

**The Hon. J.R. RAU:** Yes. I have got Mr Cagialis, who is the Chief Financial Officer; Mr Moseley, who is the General Manager of Information and Strategy; and Mr McKeegan, who is the Chief Development Officer. These are all people within DPTI and, in particular, the planning element.

**The CHAIR:** Okay, so we are moving straight into questions.

**Mr GRIFFITHS:** Thank you, Chair. It is rather frustrating to me though that, given the importance that I put upon the portfolio area, there are only two pages of the budget that actually really talk about it.

**The CHAIR:** Which pages are you looking at?

**Mr GRIFFITHS:** My apologies, Budget Paper 4, Volume 3, pages 71 and 72. I will rely upon you to be rather generous, Chair, when it comes to some of the questions.

**The CHAIR:** I have been very generous all day.

**Mr GRIFFITHS:** I understand that. I have been listening intently to the relationship that exists here. It is important though I think to ask a question initially though, minister, about the existing RAH site, particularly as a result of a press release that you put out on 6 July where you talk about development opportunities there and a variety of uses for the site to occur but which are more commercial in nature.

The press release was calling for expressions of interest, and it states that a DPA will be required for that to be undertaken for the site area. It is 'likely', I believe is the word, that a DPA would need to be undertaken. Can the minister advise what specific zoning changes are proposed then for that site?

**The Hon. J.R. RAU:** I will let Mr McKeegan give me a dig in the ribs if I go off track here, but the basic thing is this: the expression of interest process and all of that is not being handled by these gentlemen, it is being handled by Renewal. That said, Renewal, in the perfect world, will get some very exciting expressions of interest with some hopefully very innovative ideas about what might be done on that piece of very important city land.

It is entirely conceivable that whatever is ultimately seen to be the optimum development will require some form of development plan amendment, so that is basically where the DPA proposition sits. We would be looking to make sure that there is an alignment between the preferred outcome for the land in terms of its development and the DPA so that they work together.

**Mr GRIFFITHS:** So, minister, have you received any feedback from any groups at all about the suggestion on this? I know the majority of work is going from Renewal on the expression of interest stuff, but have any groups contacted you from the planning viewpoint about the future of the site?

**The Hon. J.R. RAU:** I do not believe so.

**Mr GRIFFITHS:** I refer to section 23 of the Adelaide Park Lands Act 2005 where steps regarding changes in the intended use of land contained within the Adelaide Parklands require a report to be prepared on the state government's position on the future use and status of the land. Is that report about to start, or has it commenced, so that there is a wider level of knowledge about the site?



**The Hon. J.R. RAU:** I need to take some advice on that. The situation at the present stage is that this is alienated Parklands presently—that is the first point. The second point is that, as I understand it, the legislation deals with process issues rather than control issues, but I will take some advice on that question.

**Mr GRIFFITHS:** The next question, Chair, is a bit of an extension of it, but it is still certainly about planning and the activities that the minister's staff will be undertaking this year. It is the Parklands DPA area which, as I understand it, will mean that public infrastructure works, particularly for the O-Bahn extension, will fall within category 1, or complying development status, for the purpose of the public notification of it. I am intrigued as to why you have chosen that, because my understanding is that the Adelaide City Council has stated that they object to that determination being put in place. So, what was your reasoning there?

**The Hon. J.R. RAU:** In respect of a DPA, I am a kind of decision-maker. I have not made a decision yet, and I will have to consider whatever council brings forward. I gather there has been a consultation period. The thing began on 20 March, public consultation began on 21 May, a public meeting apparently on 28<sup>th</sup> of this month, and eventually it will come to me for a determination. As to the Adelaide City Council, I am not quite sure yet what is its view about the matter as I have not received the DPA or the results of the consultation, so I cannot really comment on that.

**Mr GRIFFITHS:** Minister, I noted in media reports last week that 167 submissions have been lodged—

**The Hon. J.R. RAU:** That may be so.

**Mr GRIFFITHS:** —if I can accept the figures that were in the paper about that.

**The Hon. J.R. RAU:** I do not know, I have not seen them. Normally these things are dealt with by departmental officers, and eventually when the process is complete they bring the completed process to me, discuss it with me, we throw around some ideas, I ask questions and they provide me with information and ultimately a determination is made—we have not got to that bit yet.

**Mr GRIFFITHS:** But, minister, given that the draft certainly states very strongly that it becomes complying development when it is public infrastructure related within the area, is there any opportunity for you to review that?

**The Hon. J.R. RAU:** Yes. As I understand it, it was to be a merit assessment, wasn't it?

**Mr GRIFFITHS:** True, yes, but it is considered differently if it is complying or non-complying.

**The Hon. J.R. RAU:** Sure. Let's see what happens. Who can say what advice I will receive in due course?

**Mr GRIFFITHS:** In the same general area then, the Adelaide High CBD area that you are proposing, are any development plan changes required for that?

**The Hon. J.R. RAU:** Yes, there are. That is part of this document as well, part of the same thing. That process you are talking about is the opportunity for the city school to be—

**Mr GRIFFITHS:** Of the Parklands DPA?

**The Hon. J.R. RAU:** Yes, that facilitates the assessment on merit of any proposal in respect of a city school.

**Mr GRIFFITHS:** But, given that you have taken somewhat of a lead role when it comes to this site, as part of your consideration of that what information was provided to you on the financial impact of efforts that had to be made to make the site suitable for a high school to be located there? Was it something that you were necessarily involved in or is it just that the Minister for Education has taken that road?

**The Hon. J.R. RAU:** Officers of my department, the people in the planning area, were involved in conversations with UniSA and were involved in an essential assessment or appraisal of the site as to its suitability for our requirements. If you start getting down to questions that are more to do with engineering and so forth, that is probably in the other part of DPTI, I would imagine.

**Mr GRIFFITHS:** So, is it therefore a decision that DPTI, you, the Minister for Transport or the minister assisting you in planning made the decision without consultation with the Minister for Education about where this is to be sited?

**The Hon. J.R. RAU:** Oh, no, no, no, we obviously spoke to the minister, absolutely. The minister was completely in the loop about what we were doing, as she obviously should be—it is her school, ultimately. The decision about the site and everything else was one that was taken in full consultation with minister Close, no question about that.

**Mr GRIFFITHS:** So, the site provides an opportunity for the accommodation of the number of students anticipated over the next 10 years, or are any extensions required?

**The Hon. J.R. RAU:** The building is going to have to be modified. One of the things we are going to have a look at at the moment is the extent to which the building needs to be modified. The building presently is disposed, as I understand it, as laboratories. Given that one of the orientations of this school is projected to be science and mathematics and such like, it might well be that those laboratories, which are university-standard laboratories, provide an excellent bonus from that building. But it needs to be assessed as to whether that sits comfortably with the need to accommodate classrooms and other bits and pieces.

Inevitably, there is going to be some work of rebuilding there. It probably means that the existing footprint of the building may change a little, in the sense that there may be a little bit added on, if you like, to the building. We are in the middle of that process now, I gather, looking at exactly what the best way of taking advantage of the building is. As I said, because it has university-standard laboratories already in there, the extent to which they can be retained and repurposed is potentially quite a saving for the project.

**Mr GRIFFITHS:** Can I assume, from your response previously about the involvement of minister Close and the responsibility that that minister has, that indeed the collective discussions have been held from the very start? There was never a situation where the minister was brought into it on the basis of, 'We found the site for you; this is where we think you should go', or was minister Close actually part of the discussions from the very beginning?

**The Hon. J.R. RAU:** From the very beginning, we would have to go to another esteemed minister for education, the member for Wright. As I recall, she was the minister at the time of the initial discussions about these matters. I think, if you go back in time to that point, which is before the end of 2013, there were discussions at that stage, I am led to believe—in fact I have been told by people in the department—with UniSA about this particular property. At that time, UniSA were indicating that they wanted to hang onto it because it suited their purposes to do so, for whatever reason. At that point, it was determined that the best alternative option was to site the campus within the old RAH precinct somewhere, and that is where we took the thing to.

We subsequently became aware (by subsequently, sometime post election—a long time post election, really) that UniSA may have come to a different point of view because they had been, over a period of time, progressively investing in the west end of the city. They were talking about moving bits and pieces of their activities down towards that new point of focus they have down there. So, there was discussion to see whether they had come to a different point of view, which, as it turned out, they had. I think there were ongoing conversations with the Minister for Education and Child Development, but it was the member for Wright initially and subsequently minister Close.

**Mr GRIFFITHS:** Thank you, minister. Chair, I will go to a different question area, and it is planning reform, which is what we both alluded to at the very start. Minister, just for the public record, can you confirm when it is your intention to put the bill before the parliament on planning reform—the development bill?

**The Hon. J.R. RAU:** I have been speaking to these gentlemen either side of me and I have told them that I want it in here next week, you see. They keep saying, 'Yes, no worries, we will do it.' If it does not happen next week, just take a good look at them—

**Mr GRIFFITHS:** Because they might not be there afterwards?

**The Hon. J.R. RAU:** They are the people who, when you see them in the street, you will be able to say, 'Why didn't that bill turn up when he said so?'

**Mr GRIFFITHS:** So I presume on Wednesday you will give notice of the intention to introduce the bill on Thursday.

**The Hon. J.R. RAU:** That is what I am hoping.

**Ms CHAPMAN:** With the privacy bill.

**The Hon. J.R. RAU:** Pardon?

**Ms CHAPMAN:** With the privacy bill.

**The Hon. J.R. RAU:** Yes. But, look, can I say this: the intention always was to bring the thing in at that point so that we had the winter break for everybody to have a look at it and for there to be an opportunity for people to make comment and for us to make appropriate changes in the light of feedback that we received. Obviously introducing it on the last day before the winter break we do not expect it to get through, so it was merely to have that formal presence of the bill. I am still aiming for that but every time I say this to the gentlemen either side of me, they adopt an unusual manner, so I am not sure it is going to—

**Mr GRIFFITHS:** Well, minister, every time I see you walk into the chamber on Wednesday next week then, I will be waiting for you to stand up and actually say something about it.

**The Hon. J.R. RAU:** I am looking forward to it myself.

**Mr GRIFFITHS:** Minister, you have talked very strongly since Mr Hayes and his team started the review in, I think, in February 2013—

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

**Mr GRIFFITHS:** —before the report was completed in December of last year about improving the system, reducing costs, holding costs—all of these things—and about ensuring that you provide a vitality attached to development opportunities in South Australia, and I commend you on those words and on those actions. Have you asked for any form of modelling to be undertaken on the financial impacts of an improvement? I know it is hard because you are talking about legislation that is not before the house yet and you do not know what the amendments are going to be, and you are unsure about measuring how the changes will occur, what KPIs are in place and all these sorts of things, but has that been part of your process too?

**The Hon. J.R. RAU:** What you have just said is absolutely correct in the sense that it is really hard to measure something, even in a modelling sense, if you do not know yet what the elements of it are, so that is a difficulty. At the moment all we can do is to rely on things that work by reason of our experience—and not so much my experience because compared to these gentlemen I am not experienced, but by reason of their experience and knowledge.

For instance, one thing that I have been persuaded—and I am sure you would agree with this—works in terms of business confidence is certainty. It is better to have a system that gives an early yes or an early no than a system that gives an infinite maybe, so one feature which we are trying to embed in this thing, as much as we can, is the notion that you will get an early yes or an early no but you will not be sitting there in limbo land waiting while your holding costs are going through the roof and waiting to work out what happens next.

So there are things like that, so consistency is really important. There is the early yes and the early no. The other one is consistency across the system, so if you have a thing which is zoned commercial and that is in Charles Sturt, and you have a commercial zone in Onkaparinga, ideally you should have a reasonable expectation that the same project will receive the same treatment in both of those places. The fact that it is being dealt with in Onkaparinga or Charles Sturt should make absolutely no difference, okay? So it is the idea of consistent application of decision-making and a consistent set of rules across the state.

Again, I am confident that this set of proposals we are bringing forward, particularly the digitisation of the planning system, will mean that we have greater consistency across the state which then dovetails in with that early yes, early no thing. So early yes, early no; greater consistency; then we will also as part and parcel of this have less merit-based decisions. In other words, they will be yes or no, they will not be the 90 per cent that are presently going off to a DAP or somewhere like

that. DAPs have not worked really in my opinion and there is a fundamental problem with DAPs which is the conflict, in effect, which some elected members have in their own brains about when they stop being an elected member and when they start being a member of the DAP.

We are also committed to the idea of quicker zoning changes. One of the big complaints we get, especially from rural and regional councils, is the fact that it takes two years or something for a whole bunch of changes to get fed through the system.

Again, it is very slow and creates uncertainty, delay, etc. We are looking at digitising that system so that those things can happen basically at a flick of a switch. We are looking at finding flexible methodologies for the funding of infrastructure, which again is a perennial problem, particularly with some projects that have special needs.

There is a number of bits and pieces in there that I am confident will produce much better outcomes. As to how we actually measure all of that, I am advised that the expert panel did put together some preliminary draft modelling which is on the DPTI website, but I would caution anybody about that. Because the detail is so important here, this would be nothing more than an indicative piece of work; it would not be anything you could rely on.

**Mr GRIFFITHS:** There will be a lot more issues that we will talk about when the legislation comes in. I understand our need to have certainty, and your desire for that, but as long as there are words such as 'may' and 'should', as opposed to 'must' and 'shall', there will always be that area where, in many cases, merit-based decisions are still necessary. Engagement with the community is going to be absolutely key. I was pleased that recommendation 2 or 3 of the Hayes report related to a charter of community participation, and I think that—

**The Hon. J.R. RAU:** Absolutely, and I can assure you that will be in the bill. In fact, in the most recent draft I have seen (which I hope is the final one), it is in it.

**Mr GRIFFITHS:** Legislation does not necessarily guarantee community involvement.

**The Hon. J.R. RAU:** No, I agree.

**Mr GRIFFITHS:** That is the great the challenge of it. I can see other people who live with the frustration of it nodding their heads about this too. I do accept that there should be far more delegated authority than the decisions made from that. There should not be as many applications referred to CDAPs.

For example, I have to express a frustration when, not very long after the government response to the Hayes report came out, the Cremorne development across the road from the Cremorne Hotel came before the Development Assessment Commission. In the development plan for Unley council, it states that five storeys is the maximum height, and it was approved at 7½.

I have attended events there and spoken to people who are just so frustrated because they want to put their faith into a process, and they are involved in the processes in determining what a community's vision should be, and then that vision is taken away from them and other people make a decision upon merit, which is such a contrast to what they thought would ever be in place there.

**The Hon. J.R. RAU:** I understand your point, and I agree. The big challenge here is engagement with the community, both at the front end and at the other end. I agree.

**Mr GRIFFITHS:** You talked about digitisation of planning, and I just term it as 'e-planning'. Are there any references—I cannot see them in the budget—of any commitment towards it?

**The Hon. J.R. RAU:** No, there are not, and the reason they are not is that the bill has not passed. I have spoken to the Treasurer about this matter, and it is something that he is perfectly aware of. The Treasury people are aware of it, and they appreciate the importance of this for the purposes of economic development for the state and the facilitation of speedy and efficient disposition of planning matters. As soon as the bill passes, my expectation is that I would then be making a formal approach to cabinet, seeking the appropriate advance of funding to get this thing up and running.

Because, until probably tomorrow, we do not even have a bill and it has not passed, it is a little bit early for us to have that, but the Treasurer does know. I have had conversations with the

Treasurer and he does know that when this bill passes—hopefully, it passes—there will be a requirement for an opportunity to start up the e-planning system. It will cost some money, and I will be making an application to cabinet using the normal processes.

**Mr GRIFFITHS:** I would presume that the willingness of the Treasurer to say that he is reasonably supportive of that depends on what number is in front and how many zeros follow it.

**The Hon. J.R. RAU:** Yes, he is funny like that.

**Mr GRIFFITHS:** Wouldn't they all be?

**The Hon. J.R. RAU:** No, you are right. I think you would need to look at it from this point of view—and this is a very high level proposition—and there are two elements to this: there is the establishment-type element and then there is the ongoing running and sustaining of the system. It is reasonable to say that those two things might be perceived from a different perspective from a funding point of view. For instance, the initial up-front investment, whatever that might be, might be funded in one way and the ongoing maintenance of the system might conceivably be a user-pays proposition, and that would not be an unreasonable proposition in terms of the delivery of service to the community.

**Mr GRIFFITHS:** There are many things that we will flesh out during the debate on the legislation no doubt, so I might move on to another area. This one is urban growth boundary.

**The Hon. J.R. RAU:** Yes, excellent. You have come on board?

**Mr GRIFFITHS:** No, I am interested to have a discussion about it.

**The Hon. J.R. RAU:** Me, too.

**Mr GRIFFITHS:** My understanding is that a form of urban growth boundary has existed for over 20 years. There have been controls in place.

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

**Mr GRIFFITHS:** So why is it that you intend to legislate it now?

**The Hon. J.R. RAU:** There are so many things I could talk about in this space, and I feel very strongly about this, but can I just give you a couple of little snippets. I want to give you a couple of comparisons between what people thought was going on when the 30-year plan was rolled out but a few years ago, just before my time actually, and what we now know because we have been reviewing the 30-year plan with a view to bringing a revised version of that. It is not a new plan, just a revised version of the 30-year plan.

I will just give you a couple of examples. The difference in population growth compared with the 30-year plan, when we compare that with the actual population growth in the intervening period, is 16 per cent less than the 30-year plan projected. In terms of the number of dwellings constructed, it is 13 per cent less than projected. In terms of the broad hectare densities—that is, the number of dwellings per hectare—it is a 20 per cent to 30 per cent increase, a greater yield in other words. So, yes, you are getting 120 per cent out of—

**Mr GRIFFITHS:** So that is infill versus greenfield.

**The Hon. J.R. RAU:** No, it is actually a reference to lot sizes, in effect. You are getting more dwellings out of a given bit of land, so you need less land; you are consuming less land to get more dwellings. The greenfield consumption rate was estimated to be 400 hectares per annum and it has actually been 25 per cent less than that at 300. Land supply zoned: there was a target of having 15 years rezoned land available and we are now sitting on 20.5 years, which is 70 per cent over quota.

**Mr GRIFFITHS:** And that is because of the reduced lot sizes, is it?

**The Hon. J.R. RAU:** It is partly the consumption rate and it is partly recognition of what has already been rezoned. Can I indicate that I have continued to rezone things which were in the pipeline before I arrived because I thought that people had a legitimate expectation that things were under way and so on.

The 30-year plan said that we were going to hope to move over 30 years to 70 per cent infill 30 per cent greenfields. We are already at 60 per cent infill, which means that, if we do not readjust that target, we are hoping to achieve in the next 25 years roughly half of what we have achieved in the last four. That does not seem to me to be a very ambitious goal. What I have been trying to do is lift the capacity of the existing footprint of the city to absorb new development, more dwellings. Every one of us knows there are two-for-ones going up everywhere. I am not doing that: the market is doing that, and it is doing it in a completely unregulated fashion, I might say.

**Mr GRIFFITHS:** I still do not appreciate, even with all that information, what difference that makes to a legislated urban growth boundary.

**The Hon. J.R. RAU:** When you get down to the bottom line it is something like this. At the moment there is an urban growth boundary and the urban growth boundary is controlled by this hand and this pen. That is not good enough.

**Mr GRIFFITHS:** Have you changed it in your time as minister?

**The Hon. J.R. RAU:** No. I have no intention of changing it. But my point is this: it is such an important decision for the city of Adelaide and it is such an important decision for the future of our capital city as to whether or not we have a city which has some modest density, vibrancy, capability of sustaining decent public transport, and capability of having sustainable and affordable infrastructure. That is so important for people now and for generations to come that I do not want that boundary to be moved without the parliament being involved and it being a very transparent public exercise. I do not want that to be able to be done by me because I go up into my office and slam the door one day and say, 'Yes, thank you very much,' and I change something. I do not think that is good enough.

**Mr GRIFFITHS:** Is this a criticism of those—

**The Hon. J.R. RAU:** It's a criticism of myself. I do not trust myself.

**Mr GRIFFITHS:** —who have held your office before you?

**The Hon. J.R. RAU:** No, it is a criticism of the fact that, given where we are now in our city's evolution, we cannot afford to make mistakes which involve unregulated greenfields peripheral development and, therefore, I want those decisions, if they are ever to be made in the future, to be made based on facts. I want those facts to be put before the public, I want there to be a public debate about those facts to ascertain whether they are correct or incorrect, and I want any suggestion about those decisions being made for reasons other than community need to be thoroughly explored and eliminated.

**Mr GRIFFITHS:** On the basis that you do intend to legislate it, will that be a separate piece of legislation or is it going to be part of the development bill?

**The Hon. J.R. RAU:** We are working on it now. This is one of the things that we are going to resolve over the next 24 hours. There are many ways we can do that, but the principle I am trying to get to is this: the cost to future generations of provision of infrastructure in far-flung parts of a city like Adelaide is astronomical but it does not appear on the forward estimates because it is out beyond that event horizon—it is out 10 years, 15 years, 20 years—so future taxpayers get to pick it up.

**Mr GRIFFITHS:** That is why you have talked also about creative solutions to cofunding of infrastructure.

**The Hon. J.R. RAU:** Correct, yes. Here is another one. One of the great furbies of all time, the big lie about the 'affordability' of peripheral greenfields land, is absolute rubbish. All that is maybe affordable, arguably—maybe—is the key cost. That is all that is affordable. If you take into account the cost of servicing, the cost of transport, the remoteness from services and the remoteness from employment opportunities—you take all of those things into account—that is not cheap. If you also add on to that the cost to the taxpayer of the future of providing the infrastructure to make that building possible, that is maybe the most expensive place you can possibly be.

It is like a layer cake. The percentage of the layer cake that the purchaser actually stumps up may be a little bit less than it is 30 kilometres this way, but even that is now up for grabs because people do not even talk about appropriate accommodation. Appropriate accommodation is the

accommodation that suits the person. It does not mean every one has to be a three-bedroom brick veneer place with a 500 square metre backyard. We increasingly have single member households. In 2010 there were 194,000 people in South Australia who were over 65 years of age. In 2031 the projection is that there will be 365,000 of those people.

**Mr GRIFFITHS:** And I think we have the oldest population in the nation actually.

**The Hon. J.R. RAU:** Which is an increase of 90 per cent. Now, you do not have to be Stephen Hawking to work out that those people are probably not going to want to live in a three-bedroom brick veneer place where they have to mow the back lawn 50 kilometres from the CBD.

The number of single person households, here is another interesting one: in 2010, there were 62,000 single person households; in 2013, the projection is that there will be 99,200 which is an increase of 60 per cent in single person households. Again, is the appropriate accommodation for those people necessarily a three-bedroom place with a big backyard? No. If those people are wanting to be accommodated in reasonably close, modern apartments, they could be living five kilometres down the street from here for the same cost or less than they would be out in the sticks. We could go on.

**Mr GRIFFITHS:** I respect the fact that the minister is committed to this, and there will be a lot of debate that will occur in the future.

**The Hon. J.R. RAU:** Can I just give you one other one, too, because this is quite exciting?

**Mr GRIFFITHS:** As long as it is short.

**The Hon. J.R. RAU:** These are the costs to provide infrastructure per thousand dwellings. For infill, major renewal—this is big deal renewal—the costs are \$25 million to \$45 million per thousand dwellings. For infill, which is the lighter version—so, infill light—between \$15 million and \$25 million per thousand dwellings. For greenfield—and I hope you are all sitting down—\$62 million to \$89 million per thousand dwellings, and guess who gets to pay for that.

**Mr GRIFFITHS:** Minister, I have to ask the question then about Buckland Park. Why is it that you and your government have supported basically a completely new community to be established in an area that is so far away from anything else that that has to become a long-term liability for the people to pay for?

**The Hon. J.R. RAU:** Buckland Park is a decision that was taken before my tenure as minister. It is a lot closer than a number of other places that have been speculated about for potential growth of the city. It has been rezoned for some time and is progressing or not according to the likes of the developer. It will go ahead or not as they choose.

**Mr GRIFFITHS:** About the 30-year plan, though, I looked at the website only yesterday trying to get an update. There is a little bit of content in the first couple of pages and then you try to do anything and there is nothing available. At what stage is the information flow? When is it going to start coming out to people?

**The Hon. J.R. RAU:** My intention is to put out a lot of information about the 30-year plan very soon. We have been going through some data sets around the place to try to explain what we are doing, and I think on occasions when you and I have had a chat I have shown you bits and pieces that I have had sitting in my room, and I am trying to pull all those things together and we want to put them up on the website so that everyone can have a look at them.

**Mr GRIFFITHS:** For example, I wanted to register an interest and I could not even do that. There is a link to go to that just says it is updating soon.

**The Hon. J.R. RAU:** I am happy to have a look at it. The public consultation is supposed to be later this year, but we should not be tantalising the member for Goyder like that. We should be having something more up there.

**Mr GRIFFITHS:** Okay. I might get the member for Davenport to ask a couple of questions.

**Mr DULUK:** On the 30-year plan, minister, regarding consultation by 2015, can you please advise what implications the revised plan will have on the Blackwood Centre? In particular, will it address infrastructure issues, including high volume traffic movement, which could make further development of this centre problematic?

**The Hon. J.R. RAU:** I thank the honourable member for his question. The 30-year plan does not really go into that sort of fine-grain detail. It is really setting big picture policy parameters and suchlike. What you would be looking for is the relevant DPA for Blackwood which may or may not be something that council is managing. Off the top of my head, I do not know. However, I am reminded that because of the fire and access constraints, Blackwood is an area where we would be very reluctant to be pushing density targets. As your predecessor often informed this place, if there were a bushfire up there and everyone had to get out of the place there is potential for serious congestion up there. There are areas there where there is only one way in and one way out, and they are sitting at the top of the gully so—

**Mr DULUK:** As a retail centre Blackwood is currently zoned as a secondary renewal area, so you are saying that in the current proposal there is no intention to re-evaluate that zone to a primary renewal area as a retail centre?

**The Hon. J.R. RAU:** I would have to check on that, but I am just talking in general terms about Blackwood. I know there are issues there with fire, and we would not be trying to push large numbers of people into high fire risk zones.

**Mr DULUK:** But in terms of a retail zoned centre for what I will call, for want of a better word, the Blackwood CBD, to be a primary renewal area, not necessarily as a—

**The Hon. J.R. RAU:** I will find out and get back to you; we will get back to you about that. They are just mentioning to me—which is obviously correct—that retail is a different proposition to residential, clearly. However, we will check up and find out where we are up to with it.

**Mr GRIFFITHS:** I want to change the question area, and talk about heritage reforms. My understanding is that there is a discussion paper due for release in the second half of 2015. When is that to occur?

**The CHAIR:** What page are you on?

**Mr GRIFFITHS:** The very broadness of page 72.

**The Hon. J.R. RAU:** I see; heritage. The situation with heritage is basically this. There was some thinking around whether or not we could wrap that into the exercise that we are undertaking with respect to the planning development changes, as a certain logic suggests that it should all be part and parcel of the same thing. The practicalities, though, are that heritage lies across a variety of agencies and it has its own particular interest group. It has come to be my view that at this point we are probably better not bolting that on to the other process, and doing it as a stand-alone proposition, because—

**Mr GRIFFITHS:** With the development bill that will come in then, will that include heritage revisions?

**The Hon. J.R. RAU:** There may be some in there which, I think, would probably be non-controversial matters.

**Mr GRIFFITHS:** I am not sure if all are non-controversial. Indeed, I might take the opportunity to read into the *Hansard* just a portion of a letter to the editor from the North Adelaide Society that was in one of the Messenger newspapers—

**The CHAIR:** That is probably pushing the boundaries a little bit.

**The Hon. J.R. RAU:** The North Adelaide Society?

**Mr GRIFFITHS:** It is about historic and—

**The CHAIR:** I do not know that we can really read in—



**Mr GRIFFITHS:** There are a lot of frustrations about the changes that are being pushed upon Adelaide City Council as I understand it, particularly from the institutional point of view, for development opportunities.

**The Hon. J.R. RAU:** I will just say this: heritage is a matter about which people of goodwill can, and often do, disagree. The fact of the matter is that it is a very broad church out there, the heritage church. There are some people out there who would have us frozen in some form of aspic, never to change, because there is a heritage issue there. There are some people who are of the view that we take it to the point where it is not even the physical structure itself; if I can misquote Dennis Denuto, 'It is the vibe'. So you can have—

**Mr GRIFFITHS:** You do use that reference a bit, minister.

**The Hon. J.R. RAU:** It is to the point where you say, 'This building can't be touched,' not because of any inherent value or anything but because the man who invented the Balfour's pie had breakfast there one morning. Unless somebody can identify the actual manger here in Adelaide somewhere, I am not sure that that is the direction or the path that we need to go down. It is a really big issue. At the other end of the spectrum, there are people who would knock everything over, irrespective of what it is, and pay no regard to anything. This is one of those magnificent things where it is a bit like dogs and cats. Everyone has views and they are very strong, but they are all different.

**Mr GRIFFITHS:** Absolutely, and that is why we live in a democracy, so that people can express themselves, minister. I am intrigued from a regional perspective when it comes to planning and the interaction between potentially conflicting land uses; in particular, in the Goyder community that I represent, mining versus agriculture and the conflicts that are there. Is it your intention to look at that at all either as part of the development bill that is coming in or as part of future DPAs?

**The Hon. J.R. RAU:** I think the best way of characterising what we are proposing is to have better tools in the toolkit for the planning agency to deal with those issues. So those issues will not be dealt with actually in the bill itself, but the tools to enable those things to be better considered and better incorporated in thinking will be. In particular, we are talking about finding ways of pulling agencies into the conversation earlier. So in the case of your example, it might be PIRSA, or whoever it might be, being dragged into the thing very early on so that their input goes into the policy framing process earlier.

The other thing that is important is that we are also intending to provide for partnership opportunities between the state government and one or more local government entities, which might also facilitate that type of better input.

**Mr GRIFFITHS:** Sorry, I am not sure what you mean by 'partnership opportunities', minister.

**The Hon. J.R. RAU:** Regional planning schemes.

**Mr GRIFFITHS:** Will that look at things such as a buffer between a broadacre farmer and a grape grower?

**The Hon. J.R. RAU:** It might.

**Mr GRIFFITHS:** I get conversations about that a lot, but also the conflict between chemicals that are used and the impact upon one property if it is used on the adjoining property and the diminution of the land available for use and therefore the impact on their equity and their borrowings. The financial impact can be quite pronounced.

**The Hon. J.R. RAU:** That could conceivably be one of the things that a policy could deal with, but can I just make the point that a lot of these issues are mixed issues between planning and something else. That might be a planning issue and perhaps an agriculture issue or management issue, or whatever. We have similar issues, for instance, in relation to the interplay between planning and liquor licensing laws. They are two theoretically separate things, and then the EPA comes in and then local residents come in. Planning is often caught in the crossfire between competing considerations which are not necessarily within the—

**Mr GRIFFITHS:** But minister, is there an active engagement that occurs? In my example of agriculture versus grapes, is that where your staff meet with PIRSA and there are discussions about it and efforts to try to put some form of solution that gives a level of equity for everybody?

**The Hon. J.R. RAU:** Yes, and we want to institutionalise that in the bill.

**Mr GRIFFITHS:** But then that has to transfer down to the local government DPAs, the development plans.

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

**Mr GRIFFITHS:** Does that become part of the library of references that you require?

**The Hon. J.R. RAU:** Correct; and if we get the digital platform working, we will have a library with, say, 40, 30, or whatever, planning codes and we will have the capability of those codes being updated basically instantaneously after appropriate consultation, as opposed to waiting six or seven years.

**Mr GRIFFITHS:** Minister, am I able to ask questions of you relating to the Coordinator-General position?

**The Hon. J.R. RAU:** Not really. The Coordinator-General does not sit under me.

**Mr GRIFFITHS:** I was intrigued by that. I believe it is under the Premier, and that there is \$950,000, I think it is, for 4.8 full-time equivalent staff. Indeed, you are the reference person that I contact when I want to know anything about what Mr Hallion and his team are doing.

**The Hon. J.R. RAU:** We are just here to help, that is all. We do our best. He does not report to me. He reports, I am sure, to the Premier. The Development Assessment Commission acts as the assessing agency for projects that are called in. They sit sort of notionally within my portfolio but I do not control them, I do not tell them what to do. They are an independent agency.

**Mr GRIFFITHS:** For example, I believe the report they reviewed on the number of applications currently before the Coordinator-General and where they come from is held within your departmental website?

**The Hon. J.R. RAU:** I am advised that my department has some of the data because the Development Assessment Commission is supported by the Department of Planning, so I can give you some information about what we know from that quarter but I do not—

**Mr GRIFFITHS:** No, if I can ask you on sort of a more policy point of view on the Coordinator-General where, as I understand it, the regulation that was required for that position to be created and appointed allowed for multiple projects to be collected together to get over the \$3 million threshold requirement. Is it your understanding that has occurred in any case or do each of the applications or proposals before the—

**The Hon. J.R. RAU:** It is my belief that there have been cases where there has been a—I would need to check. The original proposition was that each project had to be over \$3 million; that was the original proposition. Whether or not there has been a permit of clustering on the basis that there are three or four projects—I am told that has not happened.

**Mr GRIFFITHS:** I am not sure what the original proposal was, but the regulation that you put in place allows for it to actually be the case. That is why people have put to me: has it actually occurred? That is what I wanted to check.

**The Hon. J.R. RAU:** I think the safest thing I can say is I had better check. I am told here no, but we will try to check that out.

**Mr GRIFFITHS:** In checking that out then, can I ask for an opinion? Given that the threshold is \$3 million—and I quote, for example, that in Perth it is \$7 million, as I understand it—have you given consideration to a review of the threshold dollar figure?

**The Hon. J.R. RAU:** Again, I am not really the person who is primarily responsible for setting that number. The other point is that our economy is a different economy to WA, it is a smaller economy.

**Mr TARZIA:** They had a mining boom.

**The Hon. J.R. RAU:** They have had a huge mining boom that has gone on for 35 years. So, we have a lower threshold, which is more pertinent to our circumstances.

**Mr GRIFFITHS:** I understand that. A different question area, Chair, still within the same reference. It goes back to the planning reforms and e-planning. I note that you have said there is no dollar commitment in the budget for this year but you intend to make a submission to the Treasurer for a contribution. Has any work been undertaken at this stage on the portal required for e-planning to work? Is it an off-the-shelf purchase? Does it exist in other areas? Does it work better than electronic EPAS, the patient records system, which is what, \$430 million?

**The Hon. J.R. RAU:** That work is being undertaken now but I think all of us are of the view that if we can buy something off the shelf that is infinitely better than reinventing the wheel, and that is clearly the preferred option.

**Mr GRIFFITHS:** I agree. So, are you or your officers able to confirm what system you are looking at purchasing and where it might operate?

**The Hon. J.R. RAU:** Not at the moment. We are not at that stage yet, but that is the direction we are looking at going.

**Mr GRIFFITHS:** That will be a tender-based situation though, with expressions of interest?

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

**Mr GRIFFITHS:** As local government will have an involvement in it also, are the negotiations occurring with local government?

**The Hon. J.R. RAU:** Again, I think we need to wait until we have our legislation up. These things are being explored presently but we are not at that point. We are talking to the LGA about the deal.

**Mr GRIFFITHS:** Do your conversations extend to the Minister for Local Government also?

**The Hon. J.R. RAU:** Not at this stage, no, but I understand he knows what we are doing. We need the bill to start off with. That is the starting point.

**Mr GRIFFITHS:** I have a question about the integration of the Environment, Resources and Development Court and the Civil and Administration Tribunal. What is the progress on that?

**The Hon. J.R. RAU:** There has been a discussion for some time as to whether the ERD Court would be best placed in the civil and admin tribunal. I do not know that that conversation has finally resolved itself one way or the other. On the one hand, everyone tells me and the feedback I have had consistently has been that the ERD Court works quite well. That being the case, if it is not broken, why try and fix it? On the other hand, if I can be persuaded that the work of the court can be done more efficiently or effectively, or more accessibly, from the point of view of the public, in the SACAT, I would look at that. There has been no determination to move it yet, but it is something that is being considered.

**Mr GRIFFITHS:** I refer to the Kangaroo Island Commissioner, which you have ministerial responsibility for.

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

**Mr GRIFFITHS:** Across the forward estimates, what is the dollar commitment that goes into that position and the support staff for it?

**The Hon. J.R. RAU:** Subject to getting further information on this, there is an indicative cost of around \$900,000 and, obviously, it is intended that that money pays the commissioner but also provides for sufficient support, travel etc., to enable the commissioner to do her job.

**Mr GRIFFITHS:** I note that two positions based on Kangaroo Island were advertised just a couple of weeks ago. In the discussion we had on the legislation, I thought it was intended that support for the commissioner would be from the existing government workforce. I do not expect you to know all these details, but is this above what was expected?

**The Hon. J.R. RAU:** Again, I would need to check that out but, certainly, the overwhelming support for the commissioner is coming from people in the planning part of DPTI. Whether there is some notion of having some administrative or secretarial style support based on the island is a slightly different proposition, but I will get details of that for you.

**Mr GRIFFITHS:** One of the strong issues emphasised during the debate on the legislation was the community reference groups that were going to be established, which could be for any purpose. Have any of those been created at this stage?

**The Hon. J.R. RAU:** I do not believe so, not yet. There is a final report of the KI Futures Authority which I think is likely to be published sometime next month, and I think the occasion of that being put out there is probably going to be the beginning or the initiation for some of these reference groups and some of the policy development work to begin.

You need to understand that the Commissioner has only been in the role for a couple of months—since 11 May—so she is really at this stage just going through the meeting people phase, working out who is who in the zoo and that sort of thing. I have indicated to her—and I am happy to say this here—that it is my expectation that she will get busy quickly in terms of delivering for that community, because that is what her job is.

**Mr GRIFFITHS:** I do recognise that it is a three-day a week role. It is not full-time that I recollect. As part of your ministerial control over it have you had any feedback from the commissioner about what the priority issues that will be addressed at least in the first six months or 12 months will be?

**The Hon. J.R. RAU:** We have talked about a number of things and the question is where she goes first in terms of engagement with the community. There are two levels here. There is a handover to her from KIFA which involves saying to her, 'Look, here is the body of work we have done on these topics which we now hand over to you and ask you to keep working on.'

They include things like the power needs for the island going forward because it has a submarine cable out there which is getting past its use-by date and there are issues about that. There are things about the airport and seeing what we can do about that. There are ongoing discussions between DPTI and SeaLink about potential contract extensions and, if so, on what terms and such like. There are other things that are more island-focused policy issues.

Exactly where she is going to start with that I think is something that she needs to, in due course, discuss with me but also with the community to find out what they regard to be their priority issues because it is not much good her starting off with something that—

**Mr GRIFFITHS:** I absolutely agree with that, but given that you had consultation that occurred as part of the support that came through for the position to be created—and there was a mixture of positions on it, but there was support and I recognise that—surely you want the position to hit the ground running and actually get some outcomes very soon.

At a personal level the involvement I have had is a briefing opportunity with the Kangaroo Island council about the airstrip upgrade proposal (\$18 million) for which I understand that the Premier has written a letter of support for \$9 million as part of an application that is going to the feds. I have not been able to obtain from Kangaroo Island council economic modelling that actually justifies a few things they have told me, so I am intrigued about the level of commitment given on what must be gut instinct and not actual detail.

I want infrastructure to be improved and I want services to improve also, not just for Kangaroo Island but for all regional areas. I do not knock the effort that is being made, but there has to be background to it. That is where I see the commissioner not just telling you soon what might occur, but actually being a strong force at the very beginning and actually getting outcomes from it because otherwise my concern is that it will not achieve much. I do not want it to be left that way.

**The Hon. J.R. RAU:** I totally agree with what you are saying and I have made it very clear to the commissioner that she has a really important job and that there is a lot of trust reposed in her by the residents of the island in that they have a great hope that she will be able to assist them in areas. It is really important that we are able to deliver, so I totally agree with that.

**Mr GRIFFITHS:** Chair, I will read out a question on behalf of the member for Flinders who has a particular development that he wants to give some comment on. The District Council of Lower Eyre Peninsula and the District Council of Streaky Bay have both had rural living DAPs refused by the minister despite having support from local residents and councils. The question posed by the member for Flinders is: what is the problem? The belief from the community is that it is not for the minister to decide demand, but rather the market, and that arable acres are not on particularly good farmland and Eyre Peninsula is as large as Scotland. There is a strong demand for rural living allotments around many regional communities, so why is it that you seem to be against it?

**The Hon. J.R. RAU:** I cannot presently bring to mind those particular matters and I am not sure that it would be appropriate for me to go into the detail in this forum even if I was able to bring them to mind. All I can say is that there are many applications which are made, for a variety of reasons. Some of those reasons appear very good to the proponents, often for obvious reasons, i.e. land which is disposed as a rural living block or a housing block is probably worth more than land that has potatoes growing in it.

**Mr GRIFFITHS:** I am not sure what the difference that makes to the plan is, though.

**The Hon. J.R. RAU:** No, I am explaining why it seems a good idea to them.

**Mr GRIFFITHS:** Okay.

**The Hon. J.R. RAU:** Whether it is a good idea, or necessary, or appropriate, or good urban planning, or good township planning, is a different question, and the answer is not necessarily the same.

**Mr GRIFFITHS:** No, but I think in this case, I see rural living as a viable form of development, because I think on the growth of a community occurring, rural living can be removed later on. It means in a commercial world, someone who sees an opportunity buys out the rural living allotment. It is changing to residential and the house is demolished or incorporated as part of a development. That opportunity is not lost and it provides a scope of what a community wants to see at this moment; but you said no to it.

**The Hon. J.R. RAU:** Can I just talk in general terms about rural living?

**Mr GRIFFITHS:** Please.

**The Hon. J.R. RAU:** Rural living has a different impact depending on where it is. Rural living proposals close to the city of Adelaide are often wolves in sheep's clothing. They are often a Trojan Horse for housing redevelopment which has been frustrated by the big jump from paddock to house, so you go for the intermediate jump and then go, 'Oh goodness, it's already bugged now as land that's useful for growing anything—we might as well chop it up into smaller bits.' It is the tool of the artful dodger—it can be, particularly close to the city.

Look at the history of how things developed in Mount Barker, for example. Why was it that Mount Barker got to the point where it was neither one thing nor the other? Answer: rural living. The perimeter of Mount Barker, once upon a time dairy farms or whatever else, was chopped up into uneconomic (from a farming perspective) allotments and then, 'Oh goodness me, they're no good for farms; why don't we stick houses on them?' That is one issue.

**Mr GRIFFITHS:** I accept that point, and I understand your concerns there, but please do not take a unilateral position on rural living no matter where it is.

**The Hon. J.R. RAU:** I am not. Can I give you another one? The other one is the sea change phenomenon. The urban 'wouldn't have a cluer'—like me—who finishes doing their job and decides, 'I'm going to be like Eddie Albert. Green Acres is the place for me—farm living. I'm going to buy myself a little bit of paradise. I'm going to buy my 1½ hectares out there in the Cockatoo Valley'—or somewhere else. I get out there and it is bloody fantastic for a couple of weeks and then you go, 'I don't have to mow the lawn again, do I?' and 'What about the snakes?' and 'What about these rabbits over here?' and 'The blackberries—what do I do with them?' Oh no, you have to get out there with the gear on and the 245D and the poison and—

**The CHAIR:** While this is actually really important, we are nearly out of time.

**The Hon. J.R. RAU:** Okay, sorry. I am just building up to a nice story here.

**The CHAIR:** I just wondered if there were any more questions.

**Mr GRIFFITHS:** Minister, you are being flippant about a really important matter, actually.

**The CHAIR:** We are not being flippant. I am just reminding members of the time.

**The Hon. J.R. RAU:** No. I am not kidding, though. These things often then become the place where there are feral animals and plants, and out of control fire risks. It's all very well to say, 'This is a lovely thing.' It is all terrific if everybody is out there every day with their whippersnapper keeping the place tidy and doing the right thing. If you look at what happened in those fires in Port Lincoln, they got very, very close to the city. They were jumping over hills and doing all sorts of things.

Just bear in mind, everyone just puts up the postcard version of rural living; it is not all postcards. I know there is an assessment done and everything else, but the point is, I can take you to places not too far from the city where you have these things, so-called, and they are not being looked after.

**Mr GRIFFITHS:** But minister, equally, I can tell you places away from the city where they work well.

**The CHAIR:** Can I take you all back to the fact that it is 3.15pm, and if there are no further questions you have omnibus questions as per the list.

**Mr GRIFFITHS:** They have already been done.

**The CHAIR:** In that case, there are no further questions. I declare the examination of the proposed payments for the Attorney-General's Department adjourned and referred to committee B, and thank you for coming along.

#### **DEPARTMENT OF TREASURY AND FINANCE, \$55,722,000**

#### **ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE, \$1,592,537,000**

##### **Membership:**

Ms Chapman substituted for Mr Griffiths.

Ms Sanderson substituted for Mr Duluk.

##### **Minister:**

Hon. J.R. Rau, Deputy Premier, Attorney-General, Minister for Justice Reform, Minister for Planning, Minister for Housing and Urban Development, Minister for Industrial Relations, Minister for Child Protection Reform.

##### **Departmental Adviser:**

Mr J. Oliver, Chief Executive, HomeStart Finance.

**The CHAIR:** We are continuing with the proposed payment for the Department of Planning, Transport and Infrastructure, in addition to the new line of Department of Treasury and Finance with the Minister for Housing and Urban Development, the Minister Assisting the Minister for Housing and Urban Development. I declare the proposed payment open for examination and refer members to the Agency Statements, which are in Volumes 3 and 4. I call on the minister to introduce his new adviser.

**The Hon. J.R. RAU:** I have Mr Oliver here from HomeStart. I think it is agreed we will commence with HomeStart and then move on to other matters.

**The CHAIR:** Are you proposing to make an opening statement, minister?

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

**The CHAIR:** Deputy leader, are you proposing to make an opening statement?

**Ms CHAPMAN:** No.

**The CHAIR:** In that case, would you like to go to your first question?

**Ms CHAPMAN:** Yes. I refer to Budget Paper 3, page 85. It refers to commentary in respect of a number of public financial corporations. In particular, I refer to the HomeStart Finance aspects of this page. Incidentally, minister, are there any other references to HomeStart or financial information in the budget, apart from in Budget Paper 3?

**The Hon. J.R. RAU:** I am advised there is something on page 54.

**Ms CHAPMAN:** Of what?

**The Hon. J.R. RAU:** Budget Paper 3, page 54.

**The CHAIR:** We are looking at page 85, aren't we?

**Ms CHAPMAN:** No, the minister has just said that there is also a reference on page 54.

**The CHAIR:** In the same budget paper?

**Ms CHAPMAN:** Apparently.

**The Hon. J.R. RAU:** There is a table at the bottom about dividend and tax equivalent—

**Ms CHAPMAN:** Thank you. Which identifies the dividend summary.

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

**Ms CHAPMAN:** I will go back then to page 85, which has the commentary in respect of the distribution to government, which I am looking at. The commentary says:

In 2015-16 HomeStart Finance will make a \$26.5 million distribution to government, comprising a dividend payment of \$10.9 million and a return of capital payment of \$15.6 million.

Can the minister identify what the return of capital payment relates to, and where is it otherwise recorded?

**The Hon. J.R. RAU:** I am advised there was a special dividend payment of \$20 million and a normal dividend payment of \$6.5 million, which were then reclassified as a dividend payment of \$10.9 million and a return of capital payment of \$15.6 million.

**Ms CHAPMAN:** Why?

**The Hon. J.R. RAU:** That is a matter you would need to speak to Treasury about, I think.

**Ms CHAPMAN:** Who reclassified it?

**The Hon. J.R. RAU:** I do not know. That is the way it is recorded.

**Ms CHAPMAN:** Yes, but I have not seen where it is recorded in that way. That is the information. On page 54, which you have just referred to, it talks about a \$15.5 million budgeted dividend and ITE, which I assume is \$15.6 million that is referred to on page 85.

**The Hon. J.R. RAU:** It should be \$15.6 million, I think, yes.

**Ms CHAPMAN:** That is neither here nor there. I am trying to identify what the return of capital payment of \$15.6 million is.

**The Hon. J.R. RAU:** I will have to try to take that on notice to find out why it is described in those ways. I do not know off the top of my head.

**Ms CHAPMAN:** Well, anyway, what is it and why was there a train change in that and whether the HomeStart administration, which I assume is the person sitting next to you—

**The Hon. J.R. RAU:** Mr Oliver, yes.

**Ms CHAPMAN:** —has either requested it or approved it in some way—

**The Hon. J.R. RAU:** I will find out whatever it is.

**Ms CHAPMAN:** —as to what the situation is and, as I say, why was it changed? In any event, it is still making provision for a capital payment to the government by way of dividend, which historically this corporation has done. I understand that, but if we could have some clarification as to what the actual money was that went back to government as a result of the distribution and what is budgeted for this year.

**The Hon. J.R. RAU:** We will take it on notice, yes.

**Ms CHAPMAN:** Thank you. I have no other questions.

**The Hon. J.R. RAU:** Nothing else?

**Ms CHAPMAN:** No, not on that issue.

**The CHAIR:** HomeStart has finished completely.

**Ms CHAPMAN:** Just before we move to Renewal SA, can the minister identify, under the Affordable Housing descriptor here, what he is talking about.

**The Hon. J.R. RAU:** Good question. I do not know.

**Ms CHAPMAN:** We were not able to ascertain anything in the actual—

**The Hon. J.R. RAU:** I am not sure where that came from. I did not prepare this document, but I do not know.

**Ms CHAPMAN:** My colleague in the committee wishes to ask some questions in relation to the Renewing Our Streets and Suburbs initiative, which relates to Renewal SA, which is really in the next element.

**The CHAIR:** We are allowing the HomeStart adviser to leave. The deputy leader wants to move to Renewal SA, so we are getting in a new batch of advisers.

#### **Departmental Advisers:**

Mr J. Hanlon, Chief Executive, Renewal SA.

Mr M. Devine, General Manager, Renewal SA.

Ms G. Vasilevski, General Manager, People and Place Management, Renewal SA.

Mr M. Buchan, General Manager, Corporate Services, Renewal SA.

Ms F. Delbridge, General Manager, Strategy and Innovation, Renewal SA.

Ms R. Ager, Director, Office of the Chief Executive, Renewal SA.

**Ms CHAPMAN:** Just before we commence on Renewal SA, which is where I think the advisers around you now are from, in the Affordable Housing component there is currently a role of Renewal SA's area of responsibility to receive, repair, sell and generally manage the asset base formerly of the Housing Trust stock.

**The CHAIR:** What page are you on?

**Ms CHAPMAN:** I am just trying to clarify something. The agenda provides, Madam Chair, that after HomeStart is Affordable Housing. That is not able to be identified by the minister anywhere in the budget.

**The CHAIR:** I am just not keeping up with you, that is all. There is no need to adopt that sort of supercilious tone. I am just trying to keep up with you. So, you are fishing for an answer?



**Ms CHAPMAN:** No, he has already given the answer, and he says he does not know where it is. What he has done is introduced his members of Renewal SA—

**The CHAIR:** That was with your consent.

**Ms CHAPMAN:** That is right, and that is why am going on—

**The CHAIR:** Keep a lid on it.

**The Hon. J.R. RAU:** If it helps people, I think page 76 is the relevant page in terms of what we are able to help people with.

**Ms CHAPMAN:** Sorry, page 76 of?

**The CHAIR:** Budget Paper 3.

**The Hon. J.R. RAU:** Page 82 is the capital program, 76 is the general operating.

**Ms CHAPMAN:** Of what document?

**The CHAIR:** Budget Paper 3.

**The Hon. J.R. RAU:** No. 3, pages 76 and 82. Just to explain to members of the committee, my area of responsibility and Renewal's area of responsibility encompass the property of the trust, or Housing SA, but the matter of the tenancies of those are managed by minister Bettison and the maintenance program is managed by minister Bettison's people, but the assets under that are our issue.

**Ms CHAPMAN:** I understand that. In relation to the asset base, my colleague the member for Adelaide wants to ask questions about that. I am happy for that to be in the Renewal SA line but, for the purposes of identification, whilst there is a reference at page 76 to Renewal SA in respect of its operating performance, and there is a commentary there, there is also a chapter, I suppose, in respect of Renewal SA specifically, commencing at page 80, and I will be dealing with that in due course. Before we move on to that, there is also—

**The Hon. J.R. RAU:** There is a reference on page 82 to the Housing Trust as well, I think.

**Ms CHAPMAN:** Yes, there is a reference under the capital investment.

**The Hon. J.R. RAU:** Yes, that is right; that is Renewing our Streets and Suburbs.

**Ms CHAPMAN:** In any event, I will defer now to my colleague the member for Adelaide, who has some questions for you about that.

**Ms SANDERSON:** I will use either that reference, page 82—

**The CHAIR:** Member for Adelaide, you have a question?

**Ms SANDERSON:** I do. Either from that reference paper, otherwise Budget Paper 4, Volume 1, page 116, highlights 2014-15, point 1, transfer of homes, can the minister outline the process and timing of the further 3,900 properties to be transferred—and that is part of the 5,000 that were to be transferred within five years, the government policy?

**The Hon. J.R. RAU:** We are trying to improve the engagement with the not-for-profit sector in this area. I would personally like these things to move along briskly, but we need to observe due process. At the moment, 1,100 properties have gone to the community housing sector—that is currently in progress, that is being dealt with—and we are putting together a program to deal with the other 3,900.

**Ms SANDERSON:** That will still be in time to meet your policy of 5,000 homes transferred by June 2018?

**The Hon. J.R. RAU:** I am advised that we appear to be on track to do that, yes.

**Ms SANDERSON:** Can the minister inform the committee how the government plans to meet the COAG agreement they signed in November 2009 of up to 35 per cent of social housing stock to be managed by community housing providers? As at 30 June 2014, that percentage was 14.33, so the 5,000 by June 2018 will come nowhere near that agreement.

**The Hon. J.R. RAU:** I am advised that we are hoping to be able to get to that by 2018. Clearly, we do have, though, a lot of work to do in that space—no question.

**Ms SANDERSON:** How would the minister address the net cost to the department that was incurred with the first 1,100 transferred so that we do not end up losing a lot of money out of Housing SA with the transfers?

**The Hon. J.R. RAU:** What cost to the department?

**Ms SANDERSON:** There is about a \$5 million net loss because the cost of rent you lost by transferring the properties was outweighed by the expenses.

**The Hon. J.R. RAU:** If you are running a property management business with substantially less property to manage, clearly that suggests that there can be efficiencies in the way in which you manage what remains. Those are issues that I am sure the agencies are perfectly well aware of, and they will need to consider how they are going to manage those things.

**Ms SANDERSON:** Can the department outline how they are planning to do that? If they are transferring 5,000 out of 45,000, so that is more than 10 per cent, then they need to reduce overheads by 10 per cent, and there has been no change to staffing levels.

**The Hon. J.R. RAU:** How that is managed is a matter for them. I am advised that, in relation to the bit of this for which I have responsibility, there have been identified savings, operating costs and FTE reductions.

**Ms SANDERSON:** I look forward to seeing them in next year's budget. I have a second question, referring to Budget Paper 4, Volume 1, page 115: Social Housing, and again, stock transfer to Renewal SA. Just to give background, I quote from the Governor's speech in 2015:

Within 15 years, my government will renew all Housing Trust stock that predates 1968. More than 4,500 old homes located within 10 kilometres of the city will be renewed by 2020.

Given Manitoba, Playford and Pope Court properties located in the city were built in the 1970s and therefore after the 1968 criteria for redevelopment within 10 kilometres of the city by 2020, can the minister confirm these properties will not be redeveloped?

**The Hon. J.R. RAU:** I am not in a position to rule out any redevelopment because it may or may not be that, at some point in time, any of the assets that the state might hold, whether through Housing SA or another entity, are appropriate for redevelopment, and that will be considered as and when it occurs. All I can say is that, by reason of them not being pre-1968, they are not definitely in the target zone, that is all.

**Ms SANDERSON:** Could you confirm the current status? They are just up in the air? They are not a yes, but they are not a no?

**The Hon. J.R. RAU:** If there were any move to do anything about those properties, the residents would be the first people to know about it.

**Ms SANDERSON:** They were last time and, as you would have seen, it was a debacle, so that is why they are particularly sensitive on this issue.

**The Hon. J.R. RAU:** In respect of those particular properties, if there were to be any part of those properties involved in anything at some point in time in the future, the residents would be the first to know about that. Just to make my point again clear, they are not on the list of properties which will definitely be redeveloped.

**Ms SANDERSON:** But they are not off the list, are they?

**The Hon. J.R. RAU:** No, but no government asset is irretrievably off the list for potential redevelopment.

**Ms CHAPMAN:** Page 80 of Budget Paper 3 refers to the net contributions from Renewal SA to the government, indicating that there was an estimated result of dividends of \$11.6 million. What was the result?

**The Hon. J.R. RAU:** All I am able to be able to say with some clarity is that Renewal did not pay a dividend.

**Ms CHAPMAN:** You will see on page 80, at about point 5 in the schedule, a description of a table of net contributions from Renewal SA to the government in millions, and it has income tax equivalents (this is for the estimated result for 2014-15), zero, plus dividends, \$11.6 million, and then less grant subsidies and CSOs, \$21.2 million. So, we have a net contribution to government of minus \$9.6 million, but I am just talking about the dividend first. The estimated dividend there was to be \$11.6 million: I am simply asking what it was in the end.

**The Hon. J.R. RAU:** We have some issues here about the way you describe things. I think it is best if I get back to you with something in writing about this. The gist of it is that I am advised that no dividend was actually paid to the state.

**Ms CHAPMAN:** I am sure that is right, but I am referring to it in its description because of the way it has been described in the table. It is described as a dividend. Obviously, after there is a reduction of these grant subsidies, etc., there is actually a minus—I understand that. Because this is an estimated result of these figures, all I am asking at this point is to clarify what happened six weeks later after this budget was published on 30 June. What were the real figures in the end?

**The Hon. J.R. RAU:** I am advised that there was a notional earning of \$11.6 million, which it was decided after the publication of the budget papers would not in fact be paid. That is what I am advised.

**Ms CHAPMAN:** Right. And that notional dividend of \$11.6 million is referred to also in the commentary, in the second sentence of the second paragraph:

However, Renewal SA is projecting to make special dividend payments of \$11.6 million in 2014-15 and \$5.3 million in 2015-16, mainly due to the anticipated return of net proceeds associated with the sale of its commercial properties.

So, you are saying that after the budget paper was published the decision to issue the proposed dividend of \$11.6 million somehow was cancelled or vetoed?

**The Hon. J.R. RAU:** That is what I am advised, yes.

**Ms CHAPMAN:** By whom?

**The Hon. J.R. RAU:** The situation is that the board, Treasury and my office (me) were involved in that matter. Effectively the situation was, in my view, that, given the overall position of Renewal's balance sheet, it was not prudent to be making a dividend payment at this point in time.

**Ms CHAPMAN:** When did this occur?

**The Hon. J.R. RAU:** I will have to find out.

**Ms CHAPMAN:** Minister, this is rather an alarming piece of information, that we now have a different situation from what is published in the budget papers. It is not uncommon for Renewal SA, because every year since its existence there has been a deficiency and there have been explanations given as to excuses for why it has not made any money. But in this instance there is a published statement of a proposed dividend—in fact, an expectation that there is going to be a further dividend in our current financial year—and now you are telling us that, sometime in the last weeks, there has been a meeting between your office and the Treasury and some other party (I think you said the board) who have decided that they would cancel that.

**The Hon. J.R. RAU:** All I can tell you is that my understanding is that there has been consultation between Treasury and the board and it has been accepted that this payment would not proceed.

**Ms CHAPMAN:** Have you made any contribution to that decision as minister?

**The Hon. J.R. RAU:** I agree with it. I have not got in front of me the actual pieces of paper that relate to this, but I have a recollection of being concerned, as I said, given the overall performance of Renewal, about the circumstances of what amounted to a property sale return should

be paid as a dividend rather than coming back in as part and parcel of the assets contributing to offsetting any liabilities of Renewal.

**Ms CHAPMAN:** Having accepted that there may be some justification for changing the decision as to dividend payments based on the parlous state of the finances of Renewal SA, why has there not been any announcement by your government, or you indeed, as to this very significant change in the budget arrangements and indeed the information about what money was to go from this entity to government?

**The Hon. J.R. RAU:** I do not know what Treasury have wished to say about this matter. As far as I was concerned, this is a satisfactory outcome and an appropriate outcome from the perspective of Renewal.

**Ms CHAPMAN:** It may have been, minister, and I can ask the Treasurer when he comes to this committee next week, but I am really asking for your side of the story. You are the one who is in charge of Renewal SA and responsible for it. There may be a very good, prudent determination that what has been published in this document presented to the parliament, if there is to be a significant change—and we are talking at least an \$11.6 million change—as to why there has not been any statement, even from your side. I will ask the Treasurer next week about what his explanation is for not making any public statement on this. But if there is a valid reason, as you suggest, a prudent reason, given the financial circumstances of Renewal SA, why has there not been a statement about this publicly?

**The Hon. J.R. RAU:** I honestly do not know that this, but for the fact of this being caught up in the budget process, would be something of any interest generally to people—that is, an ongoing adjustment in the balance sheet of Renewal SA. I accept your point that it would have been better had this matter been resolved before the budget papers were published. Clearly, that would have been better than having them published reflecting this expectation and us subsequently resolving that that was not going to happen.

I accept that it would have been better had that not occurred but, from my point of view, given the fact that Renewal in my view was not in a position to be paying dividends given its other financial circumstances, it was entirely appropriate that there be a conversation with Treasury. I am personally pleased that Treasury accepted that this outcome was the appropriate outcome, and I think in terms of good government financing it is the appropriate outcome.

**Ms CHAPMAN:** Minister, I am not asking questions about whether it was a prudent decision to make; I am asking a question about why there has been no public disclosure since this budget has been published of this event, which is an \$11.6 million difference. In fact, even coming to this committee, you could have told us what the situation was.

It is concerning to me that every year Renewal SA seems to be in a parlous state; that is nothing new to me and probably to this committee, because we have raised it a number of times. What is concerning to me is that there is a published position and there apparently has been some change. You say that the Treasury accepted that they would not require that dividend to be paid, presumably at the request of somebody, either the person sitting next to you and/or he and the board.

**The Hon. J.R. RAU:** Can I just make this clear: since I have been minister for Renewal, I have sought to come to an understanding as to the financial circumstances of Renewal. I have expressed on various occasions to Renewal staff, senior executives, and to Treasury people, my view that we needed to make some improvement in the performance of Renewal.

So I have been attempting, with the very able assistance of Mr Hanlon and his team, to try and get that happening. The exact mechanism by which this particular matter was dealt with, I would need to go away and do some delving on, because I remember being concerned about this. I remember agitating this with Mr Hanlon, and I remember the fact of this having been raised with Treasury. As to exactly when it came on and off the books, I would need to do some checking. But I say again, I think this is prudent, sound, public asset management.

**Ms CHAPMAN:** The \$21.2 million which is in grants, subsidies and CSOs, does that remain?

**The Hon. J.R. RAU:** I am advised that it does, yes.

**Ms CHAPMAN:** So in essence then, without the obligation to pay the dividend, there should be near enough to, perhaps—well at least no loss as far as net contribution to government goes. There is not a call on them back or a loss on the balance sheet. It would wipe out the \$9.6 million deficit at the end there.

**The Hon. J.R. RAU:** I am advised basically as follows: page 80—

**Ms CHAPMAN:** On page 80, yes.

**The Hon. J.R. RAU:** The expectation was that there would be a \$300,000 loss.

**Ms CHAPMAN:** Where is that?

**The Hon. J.R. RAU:** Net contribution to government line, page 80, 2014-15, minus 0.3—

**Ms CHAPMAN:** Yes.

**The Hon. J.R. RAU:** In fact, the estimated result is minus 9.6.

**Ms CHAPMAN:** If the dividend was paid.

**The Hon. J.R. RAU:** Yes, and the dividend has not been paid.

**Ms CHAPMAN:** So what I am saying is, essentially with the dividend not being paid there would be no net liability. It should show that there is about a million dollars left.

**The Hon. J.R. RAU:** I think the problem is that this is not the whole balance sheet for—

**Ms CHAPMAN:** Well, that is obvious, but we are having to work with what we have got.

**The Hon. J.R. RAU:** Balance sheets are not my long suit, but what I am told is originally it was expected that the state would be contributing \$300,000.

**Ms CHAPMAN:** Yes.

**The Hon. J.R. RAU:** Then it was anticipated they would be contributing \$9.6 million.

**Ms CHAPMAN:** Which is the sentence underneath.

**The Hon. J.R. RAU:** Yes. And then, ultimately, it has turned out they are contributing \$21.2 million.

**Ms CHAPMAN:** Yes; they were going to do that anyway.

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

**Ms CHAPMAN:** They were going to do that anyway. Can you provide to the committee a rewritten schedule on Renewal SA as to what the actual position is, with the correct commentary, as a result of this decision that was made arising out of the—

**The Hon. J.R. RAU:** We will get you something back, yes.

**Ms CHAPMAN:** I am talking about a correction of everything that is on page 80 under Renewal SA, as a result of the changes.

**The CHAIR:** On table 5.4?

**Ms CHAPMAN:** No, the commentary included, because the commentary is also now incorrect to that extent.

**The Hon. J.R. RAU:** I will ask the people concerned to provide a document which does that.

**Ms CHAPMAN:** Thank you. Having determined that there is not going to be a dividend paid for this financial year, what is the change, if any, to the proposed estimate dividend to be paid in this financial year of \$5.3 million?

**The Hon. J.R. RAU:** All I can say is that I am advised, at the moment, that \$5.3 million is in the budget. It is anticipated it will be made up by the sale of particular items.

**Ms CHAPMAN:** What?

**The Hon. J.R. RAU:** I do not think we want to announce the particular items, but there are particular properties that are—

**The CHAIR:** But this will all be part of the revised piece of paper that you are going to bring back, is it not?

**The Hon. J.R. RAU:** Yes, we can do that.

**The CHAIR:** Can we leave it at that?

**Ms CHAPMAN:** Alright. Let me just ask this then: \$5.3 million is going to be left there as an estimate of the dividend, in anticipation that you will have certain assets that will be sold that will enable that to occur as a net amount of money that is prudent to pay to the government. But, even under that arrangement, under the current schedule, there would still be a deficit of \$4.8 million.

So, unless Renewal SA is going to make a reasonable amount of money, if it continues in its current form, it has no hope of making that \$4.8 million, and the government is going to be called upon to pay another \$5 million in—or, in other words, a set-off against the dividend that it anticipated. So, even at best, under these figures, you are still at zero as far as a contribution goes to the government. That is the best position.

**The Hon. J.R. RAU:** Yes, I am advised that, at this stage, there is a reasonable—expectation might be too strong a word—

**Ms CHAPMAN:** It might be a bit strong; we have heard that before.

**The Hon. J.R. RAU:** —anticipation perhaps, or aspiration—

**Ms CHAPMAN:** Wish and a prayer.

**The Hon. J.R. RAU:** —aspiration that there will be sufficient funds by that stage to make that payment.

**Ms CHAPMAN:** That is to make the payment to the government and attend to the shortfall of \$4.8 million?

**The Hon. J.R. RAU:** Yes. As long as the position of Renewal does not deteriorate further.

**Ms CHAPMAN:** The position of the what?

**The Hon. J.R. RAU:** The position of Renewal does not deteriorate further.

**Ms CHAPMAN:** Yes, well, that has not been comforting in the last three years, I would have to say. I appreciate that you have not been in charge and I appreciate that the person sitting next to you has not been responsible all that time, but I make the point that it is alarming at best that you are now presenting to this committee with a different arrangement.

We can talk about that being concealed but there is nothing so far that has given me any comfort that we are going to be in any better position at the end of this current financial year, because every year we are given promises about how they are hoping that the commercial sales are going to increase and the like.

Even without that news, I am concerned as to the presentation here, which has included significant grants from the government—just in this last financial year, in the 2014-15 year—being required, given that there has been the sale of significant assets in this last financial year that we know of. In fact, as of last year there were promises of significant moneys to come in, one of which was the option which cemented into a contract on the sale of the Gillman property.

That gave us at least some comfort as a committee that there was money forthcoming that would help deal with the circumstances of Renewal SA. So I am a bit concerned as to what the situation is, even as published. My question is: since 1 July last year to 30 June this year, how much money has Renewal SA received from ACP or any of the parties of ACP in respect of the Gillman project?

**The Hon. J.R. RAU:** I am advised that the answer to that is zero.

**Ms CHAPMAN:** Has there been any money paid by ACP or any of its partners to the government since 1 July this year?

**The Hon. J.R. RAU:** I am advised no.

**Ms CHAPMAN:** Is there anyone providing any deposits on to that site—that is, deposits of fill on to that site—and are any fees being paid for that at present?

**The Hon. J.R. RAU:** I am advised no, because there is no access available to the site.

**Ms CHAPMAN:** So at the moment it is generating no income.

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

**Ms CHAPMAN:** And you have received no capital payments.

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

**Ms CHAPMAN:** Are you anticipating receiving any capital payments in this financial year?

**The Hon. J.R. RAU:** That is the expectation.

**Ms CHAPMAN:** How much?

**The Hon. J.R. RAU:** The expectation is that the first option, which is an amount of \$45 million, will be exercised at some time during this financial year.

**Ms CHAPMAN:** Is that \$45 million dependent on part of the conditions of that contract to conclude the rezoning of the site by the government?

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

**Ms CHAPMAN:** And I think you gave a statement to the parliament—

**The Hon. J.R. RAU:** Just so I am clear, I will explain this. There are several conditions. The first one is that the ACP put a deposit of a plan for land division over stage 1 within six months of that date subject to a DPA over the land having been dealt with, and ACP being satisfied that it has the necessary regulatory approvals for stage 1.

**Ms CHAPMAN:** The first one we have just discussed, and that is on its way, according to a ministerial statement you made a few weeks ago.

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

**Ms CHAPMAN:** And you expect that to be available in the next week, month?

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

**Ms CHAPMAN:** 'Soon' meaning?

**The Hon. J.R. RAU:** I do not know: I am not doing it. My expectation is that it will be done soon.

**Ms CHAPMAN:** And the second component, which is the regulatory obligation, how soon is that—

**The Hon. J.R. RAU:** I imagine that is a thing like the EPA and suchlike.

**Ms CHAPMAN:** Is there any expectation of when that is to be concluded?

**The Hon. J.R. RAU:** I am advised that the expectation is, if you take the finishing of the DPA as the starting point, approximately six months should see all the rest of the matters attended to.

**Ms CHAPMAN:** It would be your expectation, would it, or at least that of Renewal SA, that it is likely to have that first \$45 million by the end of the year?

**The Hon. J.R. RAU:** It depends when all of these things are completed but, when they are, and as I just explained I have been told, if you take the starter's shot pistol as being the DPA being finished, approximately six months and then there is a 30-day settlement period. It is six months plus

30 days, so we are probably talking early next year rather than late this year, but it could be anywhere in that.

**Ms CHAPMAN:** At any rate, you are confident enough—at least, on the advice you are receiving, Renewal SA is confident—that it will receive that first \$45 million in this financial year and, indeed, it is budgeted to receive it?

**The Hon. J.R. RAU:** Yes, as best we can tell. I am advised, and I have reason to have some confidence, that in this financial year it will occur.

**Ms CHAPMAN:** I am assuming that it has been budgeted for.

**The Hon. J.R. RAU:** It was budgeted for in 2014-15, which is part of the reason for things not being as robust as they might be. Obviously, if it does come in in 2015-16, that does change the budget situation for Renewal SA a lot.

**Ms CHAPMAN:** One would hope so. In any event, it is your intention that you will identify whether you still think the \$5.3 million estimate of what is to be paid as a dividend and, if that is still the position of Renewal SA, that will be published in your revised schedule.

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

**Ms CHAPMAN:** I turn to the Adelaide Festival Centre precinct, which is at Budget Paper 4, Volume 3, page 71. Incidentally, it is referred to in Budget Paper 5, if I can just go to that, because it is something that is a little unusual in my observation of these documents. The budget implications of this project are referred to under the category of 'across government' on page 16.

**The Hon. J.R. RAU:** I think you will find this is actually in DPTI's budget, this particular matter.

**Ms CHAPMAN:** It shows its face in a number of different portfolios, actually, which is why I want to be clear about where it is.

**The Hon. J.R. RAU:** It is DPTI because they are, in effect, the project manager so, even though Renewal SA has a role in the sense that it is a landholder and has certain responsibilities in respect of the negotiation of matters between players and suchlike, the actual project management work will not be undertaken by Renewal: it will be undertaken by DPTI. So, if you like, DPTI is the project manager. People like the Festival Centre are clients in a way and some of the money pops up in their budget as well because some of the work that has been done on the Festival Centre is actually internal works, not structural external works.

**Ms CHAPMAN:** Yes, which raises the question as to why it is not in the DPTI portfolio. It is in this special category of across government, as is the Sampson Flat bushfire response payment.

**The Hon. J.R. RAU:** I am advised that it is sitting in Budget Paper 4, Volume 3, page 71.

**Ms CHAPMAN:** That is what I just referred to.

**The Hon. J.R. RAU:** Yes, there is a total operating impact of \$25 million which is the first instalment, if you like.

**Ms CHAPMAN:** I understand that. That is referred to under the land use planning, \$24.9 million.

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

**Ms CHAPMAN:** The increase in income is primarily due to the once-off contribution for the construction work at Adelaide Festival Centre precinct, then in brackets it has \$25 million; I understand that. It is why I am asking you: why is it in this new category of some extra category in the budget measures statement document at Budget Paper 5, page 16, and not in the DPTI section of that document—

**The Hon. J.R. RAU:** Again, I think—

**Ms CHAPMAN:** —at page 45?



**The Hon. J.R. RAU:** I think that one you would have to ask the Treasurer about regarding why Treasury compile their documents in certain ways. All I can say again by way of clarification is that whilst Renewal has negotiating functions, everything else is not the project manager. They do not control the funds for this project. That is being controlled by DPTI, with the exception of some of the stuff which might be going directly to the Festival Centre by reason of it being for internal works there.

**Ms CHAPMAN:** Alright. The \$25 million is in respect of the car park?

**The Hon. J.R. RAU:** That is a contribution towards the public realm.

**Ms CHAPMAN:** What contribution did the Walker Corporation make towards obtaining the development rights?

**The Hon. J.R. RAU:** I am advised that they are going to be making a contribution of \$40 million towards the public realm.

**Ms CHAPMAN:** That was not my question. I appreciate that there is a capital contribution that they are making towards the public realm. I am talking about towards obtaining the development rights, or was that the sweetener?

**The Hon. J.R. RAU:** That is their contribution.

**Ms CHAPMAN:** The chief executive has provided a briefing in respect of the announced project which is a total investment of \$610 million and, as you have pointed out at page 71, there is reference to the over four-year contribution from the government towards this project. What was the date of the document entailing the key commercial terms of agreement between the government and the Walker Corporation? Is it intended that that document will become a public document?

**The Hon. J.R. RAU:** I can find out the date for you and the document itself contemplates the further settling of a development agreement between the government and Walker Corp which is nearing completion presently. The expectation is once that second document has been completed, it would be no longer commercially sensitive for the first document to be released.

**Ms CHAPMAN:** And were you a signatory to the first document? That was the key commercial terms of agreement.

**The Hon. J.R. RAU:** I am advised I was not; it was the Minister for the Arts because of some ownership of land issue to do with the car park and the plaza.

**Ms CHAPMAN:** Regarding the development agreement—which you say is progressing, at least—is it proposed that you will be a party to that as minister?

**The Hon. J.R. RAU:** I am advised it would have to be the same parties that signed off to the original commercial terms of agreement, which would mean the arts minister.

**Ms CHAPMAN:** The Minister for Arts, presumably someone on behalf of Walker Corporation; anyone else?

**The Hon. J.R. RAU:** For the development agreement, I am advised that would be it.

**Ms CHAPMAN:** So that is only two?

**The Hon. J.R. RAU:** Because, I am advised, he would cover both the plaza and the Festival Centre.

**Ms CHAPMAN:** Is it proposed that after the development agreement has been signed that will also become available for public consideration?

**The Hon. J.R. RAU:** I am advised the understanding is that yes, it would.

**Ms CHAPMAN:** Regarding the terms of the lease entitlement with Walker Corporation which is anticipated pursuant to this development agreement—which is, I think, a 70-year lease, on the information that was provided at the briefing—what was the basis of the valuation of the right to develop at \$6.9 million to \$18 million for that 70-year lease?

**The Hon. J.R. RAU:** This is a very complex and arcane business, this business about valuation, and I will therefore ask Mr Hanlon, who is an expert on all matters, including valuation, to explain the process, at least.

**Mr HANLON:** Those two valuations, the one we received from the Valuer-General and one was an independent valuation, were on a leasehold over three strata, that being the car park, the retail area of 4,200 square metres, and then an area that allowed for a tower of 20 storeys with a 2,200 metre area for built form on it. Those areas were independently and separately valued, which gave us the overall valuations. Obviously there was a difference between the Valuer-General and the independent valuation, with the independent valuation being the higher one (I forget the exact figure, but it was about \$18 million). The Walker Corporation, for those rights, paid \$40 million. They were for uses of retail, café space, and for a commercial office building of 40,000 square metres.

**Ms CHAPMAN:** That is the 20-storey building?

**Mr HANLON:** Yes; a 40,000 square metre office tower, and retail of 4,200 square metres. The car park is built at a loss, so there is zero value, in the end, on the area that was provided for the car park.

**Ms CHAPMAN:** Can you just explain that, how that becomes a loss?

**Mr HANLON:** The total built form for the car park is \$125 million to build the car park. Once completed, operational, revenue and all costs, the value is \$80 million.

**Ms CHAPMAN:** Per year?

**Mr HANLON:** That \$80 million is its full value, capitalised value.

**Ms CHAPMAN:** Capitalised value, but what is the income stream on it after that?

**Mr HANLON:** It is calculated per car park, but it was valued at about \$7,500 a car park and 1,600 car parks. But a capitalised value of the built form was at \$80 million.

**Ms CHAPMAN:** That may be so but it is still an income-generating asset, not for you, not for Renewal SA, but for the Walker Corporation.

**Mr HANLON:** But the capital value takes in the revenue stream into that particular car park as well.

**Ms CHAPMAN:** Yes, I appreciate that.

**Mr HANLON:** So it is a loss leader, basically. You are building the car park. If you just went out on the car park alone, you would not have been able to find somebody to build it for that and they would not have come up with that much capital to build that car park.

**Ms CHAPMAN:** That may be so but other people were not offered, were they?

**Mr HANLON:** Yes, they were. There was an expression of interest process that was opened back in 2011. There were a number of parties that put in an expression of interest to build the car park and the Walker Corporation won that expression of interest.

**The CHAIR:** This might be a good time to draw your attention to the clock, which means we have gone beyond time.

**Ms CHAPMAN:** To be continued.

**The CHAIR:** There being no further questions, I declare the examination of the proposed payments for the Department of Planning, Transport and Infrastructure and the Department of Treasury and Finance adjourned until tomorrow. I thank everyone for their attendance and participation today.

At 18:16 the committee adjourned to Thursday 23 July 2015 at 09:30.